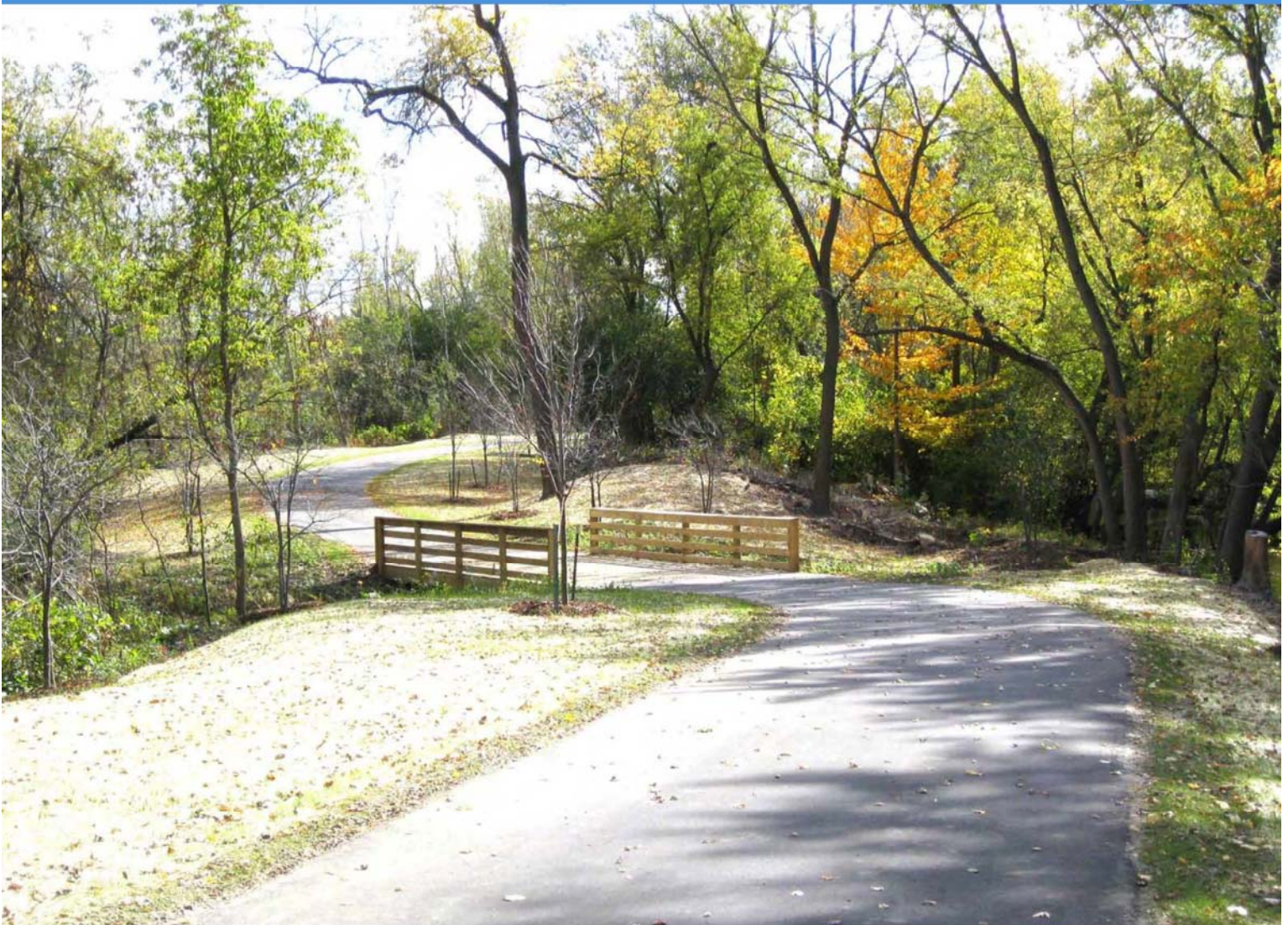


CITY OF JACKSON MICHIGAN

Comprehensive Annual Financial Report
Fiscal Year Ended
June 30, 2017

2017 Annual Financial Report



Grand River Arts Walk

JACKSON
Founded 1829

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CITY OF JACKSON, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2017

Including
Single Audit Act Compliance

Prepared by:

Philip J. Hones, Finance Director
Heather Ehnis, Assistant Finance Director

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CITY OF JACKSON, MICHIGAN

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INTRODUCTORY SECTION

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December 19, 2017

Honorable Mayor, Members of the City Council and
Citizens of the City of Jackson

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Jackson for the fiscal year ended June 30, 2017.

This report consists of management's representations concerning the finances of the City of Jackson. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, City management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2017 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Jackson was founded in 1829, incorporated as a city in 1857 and became a Home Rule City in 1914. It is located in south-central Michigan. The City currently has a land area of approximately 11 square miles and a population of 33,445 based on the 2010 census. The City is an industrial and commercial oriented community serving as a principal business, marketing, and cultural center for the surrounding suburban and agricultural territory. The government is empowered to levy a property tax on both real and personal property located within its boundaries.

The City operates under the Council-Manager form of government. The Mayor is elected on a non-partisan, at-large basis. The six council members are elected on a non-partisan, city ward basis. A ballot proposal passed by the voters on November 6, 2001 staggered and extended the terms of council members elected by ward to four years. The Mayor continues to serve two-year terms. The City Treasurer is also elected on a non-partisan at-large basis. This position serves a four-year term. The City Manager, City Clerk, City Assessor and City Attorney are appointed by the Council for indefinite terms and serve at the pleasure of the Council.

Policymaking and legislative authorities are vested in the City Council. The Council is responsible, among other things, for passing ordinances and resolutions; making public policy decisions; confirming the appointments of department heads; adopting annual budgets; appointing boards, commissions, and committees; approving contracts; authorizing real estate transactions; approving payments; awarding bids; selling personal property; and hiring the government's manager, clerk, assessor and attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, for supervising the day-to-day operations of the government, and for appointing the heads of the government's departments.

The City of Jackson provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets and other infrastructure; sanitary sewage treatment and disposal; water treatment and distribution; economic development; recreational activities; and cultural events.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Jackson operates.

Local economy. The Jackson area currently enjoys a somewhat limited but gradually diversifying economy that has demonstrated growth in the last decade. Because of its central location, Jackson provides access to employment opportunities in Lansing, Battle Creek and Ann Arbor.

The Michigan Department of Transportation reconstructed W. Michigan Avenue (I-94 BL) this year from Brown Street to Steward Avenue (which is now the realigned Wildwood Avenue). This roadway had not been reconstructed since it was built with trolley tracks and the brick pavement. Along with the road reconstruction, new water mains and sanitary sewers were installed. Louis Glick Highway and Washington Avenue from Steward to S. Cooper Street are being converted from one-way to two-way as part of this project. The total project cost for the Michigan Avenue reconstruction and the two-way conversion is estimated at \$18,019,000.

With the promise of two-way traffic on the I-94 BL, new development is in the design phase:

- The Downtown Partners Apartment Building on Jackson Street between Pearl Street and Glick Hwy., which will have commercial area and parking on the first level under the apartments;
- Commonwealth Associates Office Building on Blackstone Street between Pearl and Glick Hwy.;
- A parking deck to support Commonwealth Associates and the Hayes Building Redevelopment on Blackstone between Michigan and Pearl;
- The Hayes Building Redevelopment to have a boutique hotel, residential units and commercial space;
- The redevelopment of the Jackson Citizen Patriot building into residential units with some commercial space; and
- Proposed senior housing on Francis Street between Franklin Street and Wesley Street.

The City has also acquired the Masonic building and the Vermeulens building on Cortland Avenue. The Masonic building is currently being renovated for the Jackson School of the Arts.

Major industries with headquarters or divisions located within the City include a statewide gas and electric utility, aerospace, automobile and industrial component manufacturers, retail sales and several financial institutions.

Long-term financial planning. By 2009 the City's ad valorem (real and personal property) taxable value had grown nearly 57% since fiscal year 2002 to over \$768 million. The City has experienced, as have other communities in Michigan as well as across the country, a decline in property values in the years following to where the ad valorem values were approximately \$589 million for the 2016 tax year (fiscal year 2017) . Current tax year 2017 values have rebounded slightly over 1% to nearly \$595 million. State equalized values (50% of estimated true market values) had also declined in a similar pattern, however, the past three fiscal years have also shown increases in these values. Market values, especially in the residential sector, have shown slow but steady growth and should continue into the next few years as real estate sales prices improve and the City continues its demolition program of vacant and abandoned housing.

This increase in the assessed value of taxable property in the City mentioned above will be constrained by the Headlee Amendment (which limits the annual increase in the State Equalized Value of real property) and the provisions of Proposal A (which limits increases in taxable property values to 5 percent or the rate of inflation, whichever is less). Taken together, these fiscal factors create a trend toward ever tightening budgets, even in periods of recovery, under which the City must operate.

State shared revenues, which are now subject to the City, Village and Township Revenue Sharing (CVTRS) Program, increased \$146,731 in total to \$4,253,116. This increase was entirely in the constitutional component while the statutory portion remained unchanged.

One of the City's major revenue categories - income taxes - continues to reflect stability after declining over \$1.1 million in fiscal year 2010. Income tax revenues in fiscal year 2017 exceeded \$9 million for the first time in the City's history. The City saw its unemployment rate decline to 7.1% (as of June 2017) from the previous fiscal year rate of 7.8%. There was also an increase in the total labor force of 3.2% to 14,243 and actual employment levels increased 3.9%, to 13,226. The actual number of unemployed declined from 1,075 to 1,017, or 5.4%.

Another continuing financial challenge for the City is the escalating costs of insurance - particularly for employees and retirees but also for property and liability. Greater revenue growth together with cost containment measures will continue to be necessary to mitigate future stress on City finances. Together, these two issues continue to impose increasing burdens on the City's fiscal structure and therefore affect the long-term stability of City finances. In an effort to better control these costs, the City implemented a self-funded health insurance program on July 1, 2014. Substantial savings have since been realized as a result and, at the same time, the City has been able to maintain its health coverage levels for its employees and retirees than would otherwise be possible in the open market.

Relevant Financial Policies. There have been no situations that have affected the application of the City's standard financial policies.

The City has always taken steps to reduce operating costs in an effort to maintain fund balances, especially within the governmental funds area. Related to this effort, the City Council adopted a fund balance policy in December, 2012, as recommended by the Government Finance Officers Association. This adopted policy prescribes a minimum 15% fund balance with a desired fund balance level of 30% within the general fund and also provides timeframes that the City would have to "replenish" fund balance and attain these higher levels.

Major Initiatives. Police and fire services have always acted in unison with the surrounding townships and county and efforts to further that cooperation are constantly being investigated. The City's Public Works Department continues to work with the County Road Commission more closely than in the past on matters such as bidding for materials (road salt, etc...) and the City provides traffic signal maintenance to many outlying areas. As indicated earlier, the City, along with some of its larger employers as well as the State, continue to work together on the "Anchor Initiative" effort which is making it more attractive to live and work in the downtown area. In the fall of 2014 the City was awarded \$ 5.5 million in State grant funds that has enabled the continuing demolition of approximately 225 vacant structures, thus furthering the City's efforts towards neighborhood revitalization. These are just some of the more major efforts the City is taking to not only reduce operating costs and become more cost efficient, but to set the framework for the City to become a more viable and thriving place to live and work in the coming fiscal years.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jackson for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. This was the twenty-fifth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the City of Jackson. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Jackson's finances.

Respectfully submitted,



Patrick H. Burtch, City Manager



Philip J. Hones, City Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Jackson
Michigan**

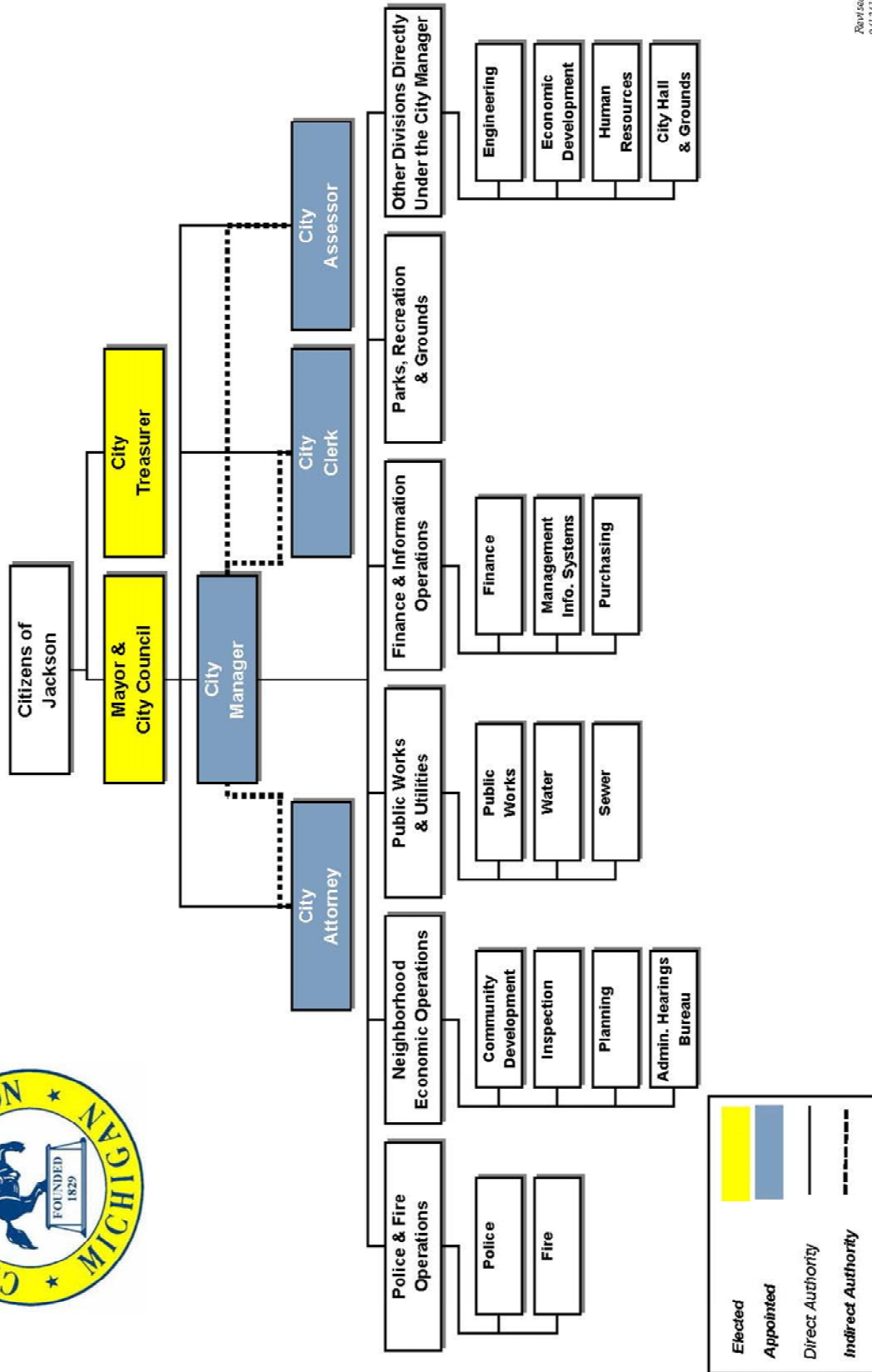
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



City of Jackson Organizational Structure



Revised
9/13/16

**City of Jackson, Michigan
List of Principal Officials**



CITY COUNCIL

Derek J. Dobies, Mayor

Arlene Robinson	1st Ward
Freddie C. Dancy	2nd Ward
Jeromy Alexander	3rd Ward
Craig Pappin	4th Ward
Andrew R. Frounfelker	5th Ward
Colleen Sullivan	6th Ward

CITY OFFICIALS

Patrick Burtch, City Manager

Jonathan Greene	Assistant City Manager/Director of Human Resources
Elmer Hitt	Director of Police and Fire Services
Philip J. Hones	Director of Finance
Kelli Hoover	Director of Parks, Recreation & Grounds
Andrea Muray	City Clerk
Todd Knepper	Director of Public Works/Public Utilities Director
Jennifer L. Morris	Neighborhood & Economic Operations Director
Bethany (Smith) Vujnov	City Attorney
Jason Yoakam	City Assessor
Andrew J. Wrozek, Jr.	City Treasurer & Income Tax Administrator

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

December 19, 2017

Honorable Mayor and
Members of the City Council
City of Jackson, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Jackson, Michigan* (the "City") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Michigan, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules of pension and other postemployment benefits plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2017, on our consideration of the City of Jackson’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rehmann Lobson LLC". The signature is written in a cursive, flowing style.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

As management of the *City of Jackson, Michigan* (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

• Total net position	\$76,840,036
• Change in total net position	11,011,528
• Fund balances, governmental funds	22,821,721
• Change in fund balances, governmental funds	9,282,316
• Unassigned fund balance, general fund	7,199,991
• Change in fund balance, general fund	1,190,279
• Installment debt outstanding	45,602,674
• Change in installment debt	7,153,729

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflow of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information that shows how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include legislative, general government, public safety, public works, culture and recreation and community enrichment and development. The business-type activities of the City include the golf practice center, parking system and water and sewer operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also two legally separate authorities - the Downtown Development Authority and the Brownfield Redevelopment Authority - for which the City is financially accountable. Financial information for these component units are reported separately from the financial information presented for the primary government itself. The City of Jackson Building Authority, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, major streets special revenue, special assessment capital projects and 2017 Michigan transportation bonds construction funds, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary funds. The City maintains two different types of proprietary funds, enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses three major enterprise funds to account for its sanitary sewer, water purification and distribution and parking deck operations while the operations of the City's golf practice center and its remaining parking system are considered nonmajor and are combined into a single, aggregated presentation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its workers compensation and prescription drug and health care deductible self-insurance programs, the motor pool and garage operations, public works and engineering administration and for the Brownfield Redevelopment Authority's local site remediation activities. All of the City's individual internal service fund data is provided in the form of combining statements elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewage, water and parking deck operations, all of which are considered to be major funds of the City.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This includes schedules concerning the City's progress in funding its obligation to provide pension and other postemployment benefits to its employees.

The combining statements referred to earlier in connection with nonmajor funds are presented immediately following the required supplementary information.

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Jackson, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$76,840,036 at the close of the most recent fiscal year.

The largest portion of the City's net position is its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 31,055,979	\$ 19,714,632	\$ 24,931,706	\$ 24,734,869	\$ 55,987,685	\$ 44,449,501
Capital assets	83,391,775	79,869,915	64,851,145	62,021,038	148,242,920	141,890,953
Total assets	114,447,754	99,584,547	89,782,851	86,755,907	204,230,605	186,340,454
Deferred outflows of resources						
	2,332,017	8,540,816	26,963	134,420	2,358,980	8,675,236
Liabilities						
Long-term liabilities outstanding	47,610,152	40,662,927	316,075	303,640	47,926,227	40,966,567
Other liabilities	2,956,981	2,385,063	808,450	1,275,002	3,765,431	3,660,065
Net other postemployment benefits obligation and net pension liability	72,759,283	78,219,825	557,109	646,523	73,316,392	78,866,348
Total liabilities	123,326,416	121,267,815	1,681,634	2,225,165	125,008,050	123,492,980
Deferred inflows of resources						
	4,565,313	5,472,102	176,186	222,100	4,741,499	5,694,202
Net position:						
Net investment in capital assets	46,037,381	41,858,320	64,851,145	62,021,038	110,888,526	103,879,358
Restricted	7,592,831	7,208,873	-	-	7,592,831	7,208,873
Unrestricted (deficit)	(64,742,170)	(67,681,747)	23,100,849	22,422,024	(41,641,321)	(45,259,723)
Total net position	\$ (11,111,958)	\$ (18,614,554)	\$ 87,951,994	\$ 84,443,062	\$ 76,840,036	\$ 65,828,508

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 7,230,063	\$ 6,865,865	\$ 14,689,369	\$ 12,950,095	\$ 21,919,432	\$ 19,815,960
Operating grants and contributions	8,057,043	8,528,481	-	-	8,057,043	8,528,481
Capital grants and contributions	4,912,701	4,382,916	-	-	4,912,701	4,382,916
General revenues:						
Property taxes	11,107,219	10,098,963	-	-	11,107,219	10,098,963
Income taxes	9,021,888	8,269,968	-	-	9,021,888	8,269,968
Grants and contributions not restricted to specific programs	4,587,193	4,529,640	482,229	484,125	5,069,422	5,013,765
Other	236,961	261,405	74,213	65,603	311,174	327,008
Gain on sale of capital assets	-	12,292	-	-	-	12,292
Total revenues	45,153,068	42,949,530	15,245,811	13,499,823	60,398,879	56,449,353
Expenses:						
Legislative	88,390	86,196	-	-	88,390	86,196
General government	4,757,600	4,919,166	-	-	4,757,600	4,919,166
Public safety	16,974,653	23,831,644	-	-	16,974,653	23,831,644
Public works	6,217,969	6,008,799	-	-	6,217,969	6,008,799
Culture and recreation	3,386,015	3,001,248	-	-	3,386,015	3,001,248
Community enrichment and development	3,622,160	3,853,316	-	-	3,622,160	3,853,316
Interest on long-term debt	2,501,062	2,224,745	-	-	2,501,062	2,224,745
Sewer	-	-	4,545,319	4,697,987	4,545,319	4,697,987
Water	-	-	6,761,160	6,837,381	6,761,160	6,837,381
Parking system	-	-	498,772	507,451	498,772	507,451
Golf practice center	-	-	34,251	41,907	34,251	41,907
Total expenses	37,547,849	43,925,114	11,839,502	12,084,726	49,387,351	56,009,840
Change in net position before transfers	7,605,219	(975,584)	3,406,309	1,415,097	11,011,528	439,513
Transfers	(102,623)	(1,307,314)	102,623	1,307,314	-	-
Change in net position	7,502,596	(2,282,898)	3,508,932	2,722,411	11,011,528	439,513
Net position (deficit) - beginning of year	(18,614,554)	(16,331,656)	84,443,062	81,720,651	65,828,508	65,388,995
Net position (deficit) - end of year	<u>\$ (11,111,958)</u>	<u>\$ (18,614,554)</u>	<u>\$ 87,951,994</u>	<u>\$ 84,443,062</u>	<u>\$ 76,840,036</u>	<u>\$ 65,828,508</u>

The government's net position increased by \$11,011,528 during the current fiscal year. Governmental activities increased \$7,502,596 and business-type activities increased \$3,508,932. The increase in the governmental activities is due largely to the decline in public safety expenditures which include a decrease in demolition expenditures of approximately \$3.2 million and a net pension liability decrease of nearly \$3.9 million. Governmental activities revenues in total increased over the prior year by \$2,203,538, or 5%, while governmental activities expenses decreased \$6,377,265, or 15%. The increase in net position in the business-type activities of \$3,508,932 was significantly larger than the increase of \$2,722,411 from last fiscal year. Business-type activities revenues increased \$1,745,988, or 13%, while business-type activities expenses declined \$245,224, or 2%.

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

Governmental activities. Governmental activities increased the City's net position by \$7,502,596 during fiscal year 2017 compared to a decrease of \$2,282,898 during fiscal 2016, resulting in a change of \$9,785,494. Some significant elements of this increase are as follows:

- A decline in public safety expenditures of over \$6.8 million, largely due to, as described above, demolition expenditures and net pension liabilities.
- An increase in property taxes of over \$1 million attributable largely to Act 345 pension and city hall debt service requirements - both funded with taxes.
- Income taxes increased by \$751,920, or 9.09%, as a result of improved employment statistics.

Business-type activities. Business-type activities increased the City's net position by \$3,508,932 during fiscal year 2017 compared to an increase of \$2,722,411 during fiscal year 2016. This \$786,521 change resulted from increases in the sewage activity of \$1,485,180, the water activity of \$2,211,507, and nonmajor funds of \$421,304, offset by a decrease in the parking deck activity of \$675,135.

Key elements of this net increase are as follows:

- Increase in charges for services of \$ 1.74 million. Water and sewer rates were raised an average of 10% in fiscal year 2017, and also in fiscal year 2016, following several years with no increase (since fiscal year 2013). These increases are needed to finance upcoming infrastructure improvements to both the water and the sewer systems.
- Other revenue and expense categories were very comparable to prior years taking into account normal inflation.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$22,821,721, an increase of \$9,282,316 from the prior year. Approximately 28 percent of this total amount, or \$6,408,729 is available for spending at the government's discretion (unassigned fund balance). The remainder of fund balance is 1) nonspendable to indicate that it is not available for new spending because it must be maintained intact for inventories \$308,308, prepaid expenditures \$49,168, funds advanced on a long-term basis \$50,000, cemetery perpetual care \$1,915,288 and endowments related to Ella Sharp Park and facilities \$1,405,792; 2) restricted to indicate limitations on its use imposed by grants or legislation, which total \$11,876,369; and 3) committed which indicate funds that have self-imposed limitations, which total \$808,067. A summary of the nonspendable, restricted and committed components of fund balance can be found in the notes to financial statements section of this report.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,199,991, while total fund balance was \$7,299,159. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 32.7 percent of total general fund expenditures while total fund balance represents 33.2 percent of total general fund expenditures.

The fund balance of the City's general fund increased by \$1,190,279 during the current fiscal year. The City is beginning to experience growth in its tax base after several years of decline. State equalized values, which represent 50% of true cash values, have increased for the third straight year in 2017, signaling what is hoped for as the continuance of an upward trend in taxable values. Income taxes, as mentioned above, have grown over 9 % and now exceed \$ 9 million for the first time in the City's history.

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

The major streets special revenue fund's fund balance decreased \$475,552 from the prior fiscal year leaving a total surplus of \$1,016,474 at fiscal year-end. This decrease was largely due to an increase in street construction expenditures.

The special assessment capital projects fund, which is used to account for special assessments levied to finance public improvements or services deemed to benefit only the properties against which the assessments are levied, decreased the amount of its fund deficit by \$341,185. This fund, which has a deficit by its nature, recorded \$1,096,423 in new assessment rolls receivable during the fiscal year while receiving collections on such receivables totaling \$377,824.

The 2017 Michigan transportation bonds construction fund is used to account for monies set aside to fund various road improvements funded by the 2017 Michigan transportation bonds. The fund's fund balance increased \$7,847,561 from the prior fiscal year due to the issuance of the 2017 Michigan transportation bonds.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities but in more detail.

Unrestricted net position of the sewage and water funds at the end of the year amounted to \$9,874,348 and \$12,470,648, respectively. The sewage fund had an increase in net position for the year of \$1,485,180, and the water fund had an increase of \$2,211,507. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities. The parking deck fund had a decrease in net position of \$675,135. Effective January 1, 2016, the largest user of the parking decks negotiated an agreement with the City to maintain the two decks, as well as some smaller surface lots, in exchange for parking permits that were previously paid for.

General Fund Budgetary Highlights

Differences between the original and final amended budgeted revenues were largely minor adjustments made for the most part during the budget process. Total revenues were favorable when compared to budget by \$173,652.

Expenditures were favorable when compared to budget in total by \$962,751. The actual increase in fund balance of \$1,190,279 exceeded the anticipated budgeted increase of \$51,462 by \$1,138,817, or 5.2 percent of expenditures.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounted to \$148,242,920 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, systems, land improvements, infrastructure, buildings and improvements, park and recreation facilities and machinery and equipment. The total net increase in the City's investment in capital assets for the current fiscal year was \$6,351,967 or 4.5 percent.

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

Major capital asset events during the fiscal year included the following:

- Street construction less depreciation accounted for the majority of the government activities' infrastructure increase of \$4,709,290.
- Business-type capital assets include the completion of a \$1.7 million parking lot as well as sewer and water improvements and equipment, before depreciation, of \$ 5.8 million.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 2,395,280	\$ 2,428,780	\$ 8,956,886	\$ 8,956,886	\$ 11,352,166	\$ 11,385,666
Construction in progress	-	-	121,540	1,847,842	121,540	1,847,842
Systems	-	-	41,864,601	40,584,112	41,864,601	40,584,112
Land improvements	11,666,846	11,982,110	2,939,979	1,333,381	14,606,825	13,315,491
Infrastructure	52,652,804	47,943,514	-	-	52,652,804	47,943,514
Buildings and improvements	9,850,601	10,133,253	7,770,088	8,015,759	17,620,689	18,149,012
Park and recreation facilities	5,183,642	5,368,396	-	-	5,183,642	5,368,396
Machinery and equipment	1,642,602	2,013,862	3,198,051	1,283,058	4,840,653	3,296,920
Total	\$ 83,391,775	\$ 79,869,915	\$ 64,851,145	\$ 62,021,038	\$ 148,242,920	\$ 141,890,953

Additional information related to capital assets can be found in Note 7 to the financial statements.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$45,602,674. Of this amount, \$45,176,038 comprises debt backed by the full faith and credit of the government.

	Outstanding Debt					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 45,176,038	\$ 38,049,452	\$ -	\$ -	\$ 45,176,038	\$ 38,049,452
Installment purchase agreement	426,636	399,493	-	-	426,636	399,493
Total	\$ 45,602,674	\$ 38,448,945	\$ -	\$ -	\$ 45,602,674	\$ 38,448,945

The City issued general obligation bonds in the amount of \$18,050,000 and retired existing bonded debt in the amount of \$10,923,414 during the current fiscal year. Additionally, the City entered into a new installment purchase agreement in the amount of \$107,552 and made payments on the new and existing agreements in the amount of \$80,409 during the current fiscal year.

The City has an "A+" rating from Standard & Poor's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to ten percent of its total assessed valuation. The current debt limitation for the City is \$65,434,814, which is significantly in excess of the City's outstanding general obligation debt of \$45,602,674.

Additional information related to long-term debt can be found in the Note 10 to the financial statements.

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for the 2017/18 fiscal year:

- The unemployment rate for the City is currently 7.2% (October 2017), which is a slight decrease from a rate of 7.3% a year ago (October 2016). While this compares unfavorably to the state's average unemployment rate of 4.2% and the national average rate of 3.9%, the City has maintained fairly consistent employment levels - from 13,136 to 13,010 - which should have a stable, if not positive, effect on this year's income tax revenues.
- Ad valorem (real and personal) taxable values of property have increased just over 1 % from the prior fiscal year. State equalized values, however, as indicated earlier, actually increased for the third consecutive fiscal year since 2009. As a result, it is expected that taxable values will begin to show slow but steady growth in the coming years.
- Inflationary trends in the region compare favorably to national indices.

During the 2017 fiscal year, unassigned fund balance in the general fund increased from \$6,041,453 to \$7,199,991. The current budget anticipates that this fund balance amount will decrease by \$110,904. While not currently budgeted, management is expected to utilize the majority of this increase to continue the city's demolition program and for economic development activities.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 161 W. Michigan Avenue, Jackson, Michigan 49201.

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF JACKSON, MICHIGAN

Statement of Net Position

June 30, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
Assets					
Pooled cash and investments	\$ 20,540,184	\$ 21,082,054	\$ 41,622,238	\$ 1,426,778	\$ 240,488
Restricted cash:					
Cash on hand with agents	46,000	-	46,000	-	-
Pooled cash and investments	3,300,835	-	3,300,835	-	-
Receivables, net	6,343,848	3,654,210	9,998,058	-	66,684
Internal balances	172,249	(172,249)	-	-	-
Inventories and prepaid items	652,863	367,691	1,020,554	-	-
Capital assets not being depreciated	2,395,280	9,078,426	11,473,706	-	-
Capital assets being depreciated, net	80,996,495	55,772,719	136,769,214	-	-
Total assets	114,447,754	89,782,851	204,230,605	1,426,778	307,172
Deferred outflows of resources					
Deferred charge on refunding	751,208	-	751,208	-	-
Deferred pension amounts	1,580,809	26,963	1,607,772	-	-
Total deferred outflows of resources	2,332,017	26,963	2,358,980	-	-
Liabilities					
Accounts payable and accrued liabilities	2,333,454	807,383	3,140,837	1,796	-
Accrued interest payable	245,017	-	245,017	-	-
Unearned revenue	378,510	1,067	379,577	-	45,530
Long-term debt:					
Due within one year	3,034,969	39,542	3,074,511	-	-
Due in more than one year	44,575,183	276,533	44,851,716	-	-
Other noncurrent liabilities:					
Net other postemployment benefits obligation	24,411,920	-	24,411,920	-	-
Net pension liability	48,347,363	557,109	48,904,472	-	-
Total liabilities	123,326,416	1,681,634	125,008,050	1,796	45,530
Deferred inflows of resources					
Deferred pension amounts	4,565,313	176,186	4,741,499	-	-
Net position					
Net investment in capital assets	46,037,381	64,851,145	110,888,526	-	-
Restricted for:					
Highways and streets	1,715,934	-	1,715,934	-	-
Public improvement and recreation	2,512,842	-	2,512,842	-	-
Public safety	12,975	-	12,975	-	-
Perpetual care -					
Endowments (nonspendable)	3,351,080	-	3,351,080	-	-
Unrestricted (deficit)	(64,742,170)	23,100,849	(41,641,321)	1,424,982	261,642
Total net position	\$ (11,111,958)	\$ 87,951,994	\$ 76,840,036	\$ 1,424,982	\$ 261,642

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, MICHIGAN

Statement of Activities

For the Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 88,390	\$ -	\$ -	\$ -	\$ (88,390)
General government	4,757,600	1,528,593	1,120,307	-	(2,108,700)
Public safety	16,974,653	2,326,962	1,263,158	-	(13,384,533)
Public works	6,217,969	443,387	3,236,240	4,658,678	2,120,336
Culture and recreation	3,386,015	861,233	75,275	-	(2,449,507)
Community enrichment and development	3,622,160	2,069,888	2,362,063	254,023	1,063,814
Interest on long-term debt	2,501,062	-	-	-	(2,501,062)
Total governmental activities	37,547,849	7,230,063	8,057,043	4,912,701	(17,348,042)
Business-type activities:					
Sewer	4,545,319	5,949,008	-	-	1,403,689
Water	6,761,160	8,586,696	-	-	1,825,536
Parking system	498,772	117,639	-	-	(381,133)
Golf practice center	34,251	36,026	-	-	1,775
Total business-type activities	11,839,502	14,689,369	-	-	2,849,867
Total primary government	\$ 49,387,351	\$ 21,919,432	\$ 8,057,043	\$ 4,912,701	\$ (14,498,175)
Component units					
Brownfield redevelopment authority	\$ 1,272,059	\$ -	\$ -	\$ -	\$ (1,272,059)
Downtown development authority	190,441	61,100	40,000	-	(89,341)
Total component units	\$ 1,462,500	\$ 61,100	\$ 40,000	\$ -	\$ (1,361,400)

continued...

CITY OF JACKSON, MICHIGAN

Statement of Activities

For the Fiscal Year Ended June 30, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
Net revenues (expenses)	\$ (17,348,042)	\$ 2,849,867	\$ (14,498,175)	\$ (1,272,059)	\$ (89,341)
General revenues and transfers					
Property taxes	11,107,219	-	11,107,219	1,224,711	90,278
Income taxes	9,021,888	-	9,021,888	-	-
Grants and contributions not					
restricted to specific purposes	4,587,193	482,229	5,069,422	-	350
Unrestricted interest earnings	236,961	74,213	311,174	4,007	1,236
Transfers - internal activities	(102,623)	102,623	-	-	-
Total general revenues and transfers	24,850,638	659,065	25,509,703	1,228,718	91,864
Change in net position	7,502,596	3,508,932	11,011,528	(43,341)	2,523
Net position (deficit), beginning of year	(18,614,554)	84,443,062	65,828,508	1,468,323	259,119
Net position (deficit), end of year	\$ (11,111,958)	\$ 87,951,994	\$ 76,840,036	\$ 1,424,982	\$ 261,642

concluded.

The accompanying notes are an integral part of these financial statements.

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FUND FINANCIAL STATEMENTS

CITY OF JACKSON, MICHIGAN

Balance Sheet
 Governmental Funds
 June 30, 2017

	General	Major Streets	Special Assessment Capital Projects	2017 Michigan Transportation Bonds Construction	Nonmajor Governmental Funds	Totals
Assets						
Pooled cash and investments	\$ 4,818,540	\$ 576,518	\$ 171,938	\$ 7,911,061	\$ 7,852,285	\$ 21,330,342
Accounts receivables, net	325,677	138,970	-	-	135,870	600,517
Taxes receivable	1,894,755	-	-	-	-	1,894,755
Loans receivable	-	-	-	-	55,125	55,125
Interest receivable	26,833	-	-	-	-	26,833
Other receivables	-	-	1,854,585	-	9,537	1,864,122
Due from other governments	697,366	734,338	-	-	437,579	1,869,283
Due from other funds	274,327	-	-	-	78,469	352,796
Inventories	-	292,808	-	-	15,500	308,308
Prepaid items	49,168	-	-	-	-	49,168
Long-term advances to other funds	50,000	-	-	-	30,000	80,000
Total assets	\$ 8,136,666	\$ 1,742,634	\$ 2,026,523	\$ 7,911,061	\$ 8,614,365	\$ 28,431,249
Liabilities						
Accounts payable	\$ 200,379	\$ 715,103	\$ -	\$ 63,500	\$ 465,005	\$ 1,443,987
Accrued payroll	354,833	11,057	-	-	78,474	444,364
Other liabilities	77,669	-	-	-	-	77,669
Due to other funds	67,761	-	-	-	274,327	342,088
Unearned revenue	136,865	-	-	-	241,645	378,510
Long-term advances from other funds	-	-	963,200	-	50,000	1,013,200
Total liabilities	837,507	726,160	963,200	63,500	1,109,451	3,699,818
Deferred inflows of resources						
Unavailable revenue - loans receivable	-	-	-	-	55,125	55,125
Unavailable revenue - special assessment receivable	-	-	1,854,585	-	-	1,854,585
Total deferred inflows of resources	-	-	1,854,585	-	55,125	1,909,710
Fund balances						
Nonspendable	99,168	292,808	-	-	3,336,580	3,728,556
Restricted	-	723,666	-	7,847,561	3,305,142	11,876,369
Committed	-	-	-	-	808,067	808,067
Unassigned (deficit)	7,199,991	-	(791,262)	-	-	6,408,729
Total fund balances (deficit)	7,299,159	1,016,474	(791,262)	7,847,561	7,449,789	22,821,721
Total liabilities, deferred inflows of resources and fund balances	\$ 8,136,666	\$ 1,742,634	\$ 2,026,523	\$ 7,911,061	\$ 8,614,365	\$ 28,431,249

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2017

Fund balances - total governmental funds	\$ 22,821,721
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.	
Capital assets not being depreciated	2,395,280
Capital assets being depreciated, net	80,996,495
Less capital assets in internal service funds	(545,042)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows in the governmental funds, and thus are not included in fund balance.	
Unavailable loans receivable	55,125
Unavailable special assessments	1,854,585
Certain pension-related amounts, such as the net pension liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension liability	(48,347,363)
Deferred inflows related to the net pension liability	(4,565,313)
Deferred outflows related to the net pension liability	1,580,809
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	
Net position of governmental activities accounted for in internal service funds	3,936,302
Portion of internal service funds net position attributed to business-type activities	142,249
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Unamortized bond discount	52,191
Unamortized deferred charge on refunding	751,208
Bonds and installment contracts	(45,523,599)
Unamortized bond premium	(402,680)
Other postemployment benefits obligation	(24,411,920)
Compensated absences	(1,656,989)
Accrued interest on long-term liabilities	(245,017)
Net position of governmental activities	<u>\$ (11,111,958)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, MICHIGAN

**Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017**

	General	Major Streets	Special Assessment Capital Projects	2017 Michigan Transportation Bonds Construction	Nonmajor Governmental Funds	Totals
Revenues						
Property taxes	\$ 8,208,414	\$ -	\$ -	\$ -	\$ 2,898,805	\$ 11,107,219
Income taxes	9,021,888	-	-	-	-	9,021,888
Licenses and permits	269,406	-	-	-	-	269,406
Intergovernmental	4,470,342	6,530,489	-	-	4,329,584	15,330,415
Charges for services	1,502,943	-	-	-	2,957,432	4,460,375
Fines and forfeits	470,675	-	-	-	-	470,675
Donations	-	-	-	-	296,103	296,103
Special assessments	-	-	377,824	-	-	377,824
Investment income	58,743	7,036	-	-	133,537	199,316
Miscellaneous	204,103	632,576	411	-	2,042,101	2,879,191
Total revenues	24,206,514	7,170,101	378,235	-	12,657,562	44,412,412
Expenditures						
Current:						
Legislative	88,390	-	-	-	-	88,390
General government	4,631,716	-	-	-	-	4,631,716
Public safety	14,241,448	-	-	-	3,069,147	17,310,595
Public works	809,563	8,185,933	-	-	1,702,683	10,698,179
Culture and recreation	1,541,764	-	-	-	1,551,710	3,093,474
Community enrichment and development	716,768	-	-	69,382	3,124,641	3,910,791
Debt service:						
Principal retirement	-	-	-	-	1,980,346	1,980,346
Interest, fiscal charges and bond issuance costs	-	-	-	-	2,387,036	2,387,036
Total expenditures	22,029,649	8,185,933	-	69,382	13,815,563	44,100,527
Revenues over (under) expenditures	2,176,865	(1,015,832)	378,235	(69,382)	(1,158,001)	311,885
Other financing sources (uses)						
Issuance of long-term debt	-	-	-	8,970,000	9,080,000	18,050,000
Payment to refunding bond escrow agent	-	-	-	-	(8,995,000)	(8,995,000)
Sale of capital assets	18,054	-	-	-	-	18,054
Transfers in	24,015	790,280	1,053,057	-	5,473,731	7,341,083
Transfers out	(1,028,655)	(250,000)	(1,090,107)	(1,053,057)	(4,021,887)	(7,443,706)
Total other financing sources (uses)	(986,586)	540,280	(37,050)	7,916,943	1,536,844	8,970,431
Net change in fund balances	1,190,279	(475,552)	341,185	7,847,561	378,843	9,282,316
Fund balances (deficit), beginning of year	6,108,880	1,492,026	(1,132,447)	-	7,070,946	13,539,405
Fund balances (deficit), end of year	\$ 7,299,159	\$ 1,016,474	\$ (791,262)	\$ 7,847,561	\$ 7,449,789	\$ 22,821,721

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Changes in Net Position of Governmental Activities
For the Fiscal Year Ended June 30, 2017

Net change in fund balances - total governmental funds \$ 9,282,316

Amounts reported for *governmental activities* in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement
of activities, the cost of those assets is allocated over their estimated useful lives and
reported as depreciation expense.

Capital assets purchased/constructed	8,261,646
Loss on disposal of capital assets	(41,186)
Proceeds from sale of capital assets	(18,054)
Depreciation expense	(4,413,494)

Revenues in the statement of activities that do not provide current financial resources
are not reported as revenues in the funds, but rather are deferred to the following
fiscal year.

Current year special assessment levied greater than receipts	718,599
Current year loan receivable receipts	(15,750)

Bond proceeds provide current financial resources to governmental funds, but issuing
debt increases long-term liabilities in the statement of net position. Repayment of bond
principal is an expenditure in the governmental funds, but the repayment reduces
long-term liabilities in the statement of net position.

Principal payments on long-term liabilities	1,980,346
Proceeds from issuance of long-term liabilities	(18,050,000)
Payment to refunding bond escrow agent	8,995,000

Some expenses reported in the statement of activities do not require the use of current
financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest payable on bonds	(111,468)
Amortization of bond discount	(3,480)
Amortization of bond premium	36,735
Amortization of deferred charge on refunding	(35,813)
Change in net other postemployment benefits obligation	(1,495,917)
Change in net pension liability and related deferred amounts	1,636,139
Change in the accrual of compensated absences	227,373

Internal service funds are used by management to charge the costs of certain activities,
such as insurance and other centralized costs, to individual funds. The net revenue
(expense) of certain internal service funds is reported with governmental activities.

Net operating income from governmental activities accounted for in internal service funds	577,726
Net operating loss attributable to business-type activities	(66,076)
Interest revenue from governmental internal service funds	37,954

Change in net position of governmental activities \$ 7,502,596

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Fiscal Year Ended June 30, 2017

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016

	2017				2016 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Revenues					
Property taxes	\$ 7,888,326	\$ 8,224,961	\$ 8,208,414	\$ (16,547)	\$ 7,655,113
Income taxes	8,750,000	8,975,000	9,021,888	46,888	8,269,968
Licenses and permits	276,670	270,800	269,406	(1,394)	269,932
Intergovernmental	4,525,305	4,353,293	4,470,342	117,049	4,417,029
Charges for services	1,393,941	1,481,008	1,502,943	21,935	1,231,701
Fines and forfeits	267,000	461,000	470,675	9,675	291,348
Investment income	30,500	33,500	58,743	25,243	26,733
Miscellaneous	140,600	233,300	204,103	(29,197)	110,815
Total revenues	23,272,342	24,032,862	24,206,514	173,652	22,272,639
Expenditures					
Current:					
Legislative - City Council	109,985	99,814	88,390	(11,424)	86,196
General government:					
City Manager	499,805	505,667	457,125	(48,542)	416,296
City Clerk - Elections	122,618	114,320	96,041	(18,279)	124,633
Finance	427,759	406,170	391,518	(14,652)	445,287
City Assessor	377,594	444,989	430,895	(14,094)	336,338
City Attorney	570,126	536,411	503,989	(32,422)	530,894
City Clerk	151,465	130,178	129,919	(259)	114,748
Personnel	297,028	369,884	335,996	(33,888)	286,544
Purchasing	111,184	111,773	110,512	(1,261)	105,659
City Treasurer	329,953	330,679	329,436	(1,243)	335,971
City income tax administration	161,587	149,020	140,372	(8,648)	120,068
Management information services	303,027	307,954	296,128	(11,826)	281,503
City hall and grounds	318,073	325,311	301,190	(24,121)	294,761
Cemeteries	245,174	282,350	275,577	(6,773)	241,201
Administrative hearings bureau	54,240	223,533	145,047	(78,486)	42,462
Unallocated	875,595	821,533	687,971	(133,562)	704,985
Total general government	4,845,228	5,059,772	4,631,716	(428,056)	4,381,350
Public safety:					
Police:					
General	8,754,171	8,776,266	8,636,679	(139,587)	8,141,028
STEP grant	11,766	11,766	-	(11,766)	4,810
Office of Highway Safety program	15,000	15,000	9,776	(5,224)	7,214
In-service training	9,500	6,500	6,225	(275)	14,965
Consortium training	26,470	31,500	12,882	(18,618)	1,176
Fire -					
Suppression	3,156,986	3,246,694	3,240,644	(6,050)	3,102,099
Police and fire - unallocated	2,347,825	2,351,889	2,335,242	(16,647)	2,375,809
Total public safety	14,321,718	14,439,615	14,241,448	(198,167)	13,647,101

continued...

CITY OF JACKSON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Final Budget and Actual - General Fund

For the Fiscal Year Ended June 30, 2017

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016

	2017				2016 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Expenditures (concluded)					
Current (concluded):					
Public works:					
Tax property maintenance	\$ 113,143	\$ 142,247	\$ 92,566	\$ (49,681)	\$ 49,050
Civic affairs	56,476	60,752	35,367	(25,385)	60,983
Drains at large	41,411	70,103	56,096	(14,007)	33,985
Grounds maintenance	181,000	185,905	133,222	(52,683)	173,039
Sidewalk construction	31,000	31,570	30,945	(625)	16,859
Street lighting	483,811	452,387	416,275	(36,112)	420,523
Weed control	72,507	80,100	69,694	(10,406)	63,549
Reimbursements	(16,000)	(20,230)	(24,602)	4,372	(18,042)
Total public works	<u>963,348</u>	<u>1,002,834</u>	<u>809,563</u>	<u>(193,271)</u>	<u>799,946</u>
Culture and recreation:					
Parks and recreation administration	550,700	629,643	599,235	(30,408)	589,121
Parks and facilities maintenance	510,231	566,995	562,841	(4,154)	500,942
Forestry	298,964	390,000	293,337	(96,663)	301,490
Lt. Nixon memorial pool	85,705	86,883	78,604	(8,279)	81,646
Historical district	11,783	10,635	7,747	(2,888)	9,140
Reimbursements	-	-	-	-	(46,337)
Total culture and recreation	<u>1,457,383</u>	<u>1,684,156</u>	<u>1,541,764</u>	<u>(142,392)</u>	<u>1,436,002</u>
Community enrichment and development:					
Planning	270,096	113,142	95,828	(17,314)	126,054
DDA and equity grants	40,000	40,000	40,000	-	20,000
Economic development	313,180	553,067	580,940	27,873	516,362
Total community enrichment and development	<u>623,276</u>	<u>706,209</u>	<u>716,768</u>	<u>10,559</u>	<u>662,416</u>
Total expenditures	<u>22,320,938</u>	<u>22,992,400</u>	<u>22,029,649</u>	<u>(962,751)</u>	<u>21,013,011</u>
Revenues over expenditures	<u>951,404</u>	<u>1,040,462</u>	<u>2,176,865</u>	<u>1,136,403</u>	<u>1,259,628</u>
Other financing sources (uses)					
Sale of capital assets	10,000	13,000	18,054	5,054	12,292
Transfers in	32,000	32,000	24,015	(7,985)	24,755
Transfers out	(801,900)	(1,034,000)	(1,028,655)	(5,345)	(729,518)
Total other financing sources (uses)	<u>(759,900)</u>	<u>(989,000)</u>	<u>(986,586)</u>	<u>2,414</u>	<u>(692,471)</u>
Net change in fund balance	191,504	51,462	1,190,279	1,138,817	567,157
Fund balance, beginning of year	<u>6,108,880</u>	<u>6,108,880</u>	<u>6,108,880</u>	-	<u>5,541,723</u>
Fund balance, end of year	<u>\$ 6,300,384</u>	<u>\$ 6,160,342</u>	<u>\$ 7,299,159</u>	<u>\$ 1,138,817</u>	<u>\$ 6,108,880</u>

concluded.

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Major Streets Fund

For the Fiscal Year Ended June 30, 2017

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016

	2017				2016 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Revenues					
Intergovernmental	\$ 15,028,255	\$ 12,155,182	\$ 6,530,489	\$ (5,624,693)	\$ 6,081,857
Investment income	2,000	5,494	7,036	1,542	2,649
Miscellaneous	421,262	597,018	632,576	35,558	200,522
Total revenues	15,451,517	12,757,694	7,170,101	(5,587,593)	6,285,028
Expenditures					
Public works:					
Street construction	2,461,859	3,272,396	2,364,865	(907,531)	1,213,579
Street maintenance	582,990	629,406	451,984	(177,422)	411,226
Traffic services	650,000	559,891	441,696	(118,195)	465,525
Winter maintenance	275,687	213,061	147,850	(65,211)	168,386
Trunkline maintenance	197,100	197,100	128,479	(68,621)	151,875
State highway construction	14,664,554	12,206,105	4,762,959	(7,443,146)	4,027,766
Reimbursements	(108,113)	(419,909)	(111,900)	308,009	(39,600)
Total expenditures	18,724,077	16,658,050	8,185,933	(8,472,117)	6,398,757
Revenues over (under) expenditures	(3,272,560)	(3,900,356)	(1,015,832)	2,884,524	(113,729)
Other financing sources (uses)					
Transfers in	3,728,141	3,888,568	790,280	(3,098,288)	340,996
Transfers out	(250,000)	(250,000)	(250,000)	-	(475,000)
Total other financing sources (uses)	3,478,141	3,638,568	540,280	(3,098,288)	(134,004)
Net change in fund balance	205,581	(261,788)	(475,552)	(213,764)	(247,733)
Fund balance, beginning of year	1,492,026	1,492,026	1,492,026	-	1,739,759
Fund balance, end of year	\$ 1,697,607	\$ 1,230,238	\$ 1,016,474	\$ (213,764)	\$ 1,492,026

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, MICHIGAN

Statement of Net Position - Proprietary Funds
June 30, 2017

	Enterprise Funds - Business-type Activities				Totals	Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds		Internal Service
Assets						
Current assets:						
Pooled cash and investments	\$ 9,083,875	\$ 11,126,506	\$ 533,774	\$ 337,899	\$ 21,082,054	\$ 2,510,677
Accounts receivable, net	1,405,756	2,185,601	32,103	30,750	3,654,210	33,213
Inventories	-	367,691	-	-	367,691	-
Prepaid items	-	-	-	-	-	295,387
Restricted cash and cash equivalents - Cash on hand with agents	-	-	-	-	-	46,000
Total current assets	10,489,631	13,679,798	565,877	368,649	25,103,955	2,885,277
Noncurrent assets:						
Long-term advances	-	-	-	-	-	996,650
Capital assets not being depreciated	154,947	58,369	7,060,843	1,804,267	9,078,426	-
Capital assets being depreciated, net	18,364,766	26,168,098	9,465,944	1,773,911	55,772,719	545,042
Total noncurrent assets	18,519,713	26,226,467	16,526,787	3,578,178	64,851,145	1,541,692
Total assets	29,009,344	39,906,265	17,092,664	3,946,827	89,955,100	4,426,969
Deferred outflows of resources						
Deferred pension amounts	9,172	17,791	-	-	26,963	-
Liabilities						
Current liabilities:						
Accounts payable	280,269	200,529	2,381	198	483,377	79,730
Accrued payroll	37,028	62,675	-	2,778	102,481	13,092
Customer deposits	-	221,525	-	-	221,525	-
Due to other funds	-	-	-	-	-	10,708
Unearned revenue	-	-	1,067	-	1,067	-
Current portion of:						
Accrued compensated absences	12,819	26,723	-	-	39,542	-
Installment purchase agreement	-	-	-	-	-	25,340
Estimated claims payable	-	-	-	-	-	111,021
Total current liabilities	330,116	511,452	3,448	2,976	847,992	239,891
Noncurrent liabilities:						
Long term advance	-	-	-	30,000	30,000	33,450
Accrued compensated absences, net of current portion	44,906	231,627	-	-	276,533	-
Installment purchase agreement, net of current portion	-	-	-	-	-	53,735
Estimated claims payable, net of current portion	-	-	-	-	-	163,591
Net pension liability	189,503	367,606	-	-	557,109	-
Total noncurrent liabilities	234,409	599,233	-	30,000	863,642	250,776
Total liabilities	564,525	1,110,685	3,448	32,976	1,711,634	490,667
Deferred inflows of resources						
Deferred pension amounts	59,930	116,256	-	-	176,186	-
Net position						
Net investment in capital assets	18,519,713	26,226,467	16,526,787	3,578,178	64,851,145	465,967
Unrestricted	9,874,348	12,470,648	562,429	335,673	23,243,098	3,470,335
Total net position	\$ 28,394,061	\$ 38,697,115	\$ 17,089,216	\$ 3,913,851	\$ 88,094,243	\$ 3,936,302

The accompanying notes are an integral part of these financial statements.

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CITY OF JACKSON, MICHIGAN

Reconciliation

Net Position of Enterprise Funds
to Net Position of Business-type Activities
June 30, 2017

Net position - enterprise funds \$ 88,094,243

Amounts reported for *business-type activities* in the statement of net position are different because:

An internal service fund is used by management to charge the costs of certain equipment usage to individual enterprise funds. A portion of the net position of the internal service fund attributable to these charges are included in business-type activities in the statement of net position.

(142,249)

Net position of business-type activities \$ 87,951,994

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, MICHIGAN

**Statement of Revenues, Expenses and
Changes in Fund Net Position - Proprietary Funds
For the Fiscal Year Ended June 30, 2017**

	Enterprise Funds - Business-type Activities				Totals	Governmental
	Sewage	Water	Parking Deck	Nonmajor Funds		Internal Service
Operating revenues						
Charges for sales and services	\$ 5,949,008	\$ 8,586,696	\$ 10,796	\$ 142,869	\$ 14,689,369	\$ 6,487,930
Administrative fees	-	223,028	-	-	223,028	-
Other	74,275	162,774	-	22,152	259,201	734,491
Total operating revenues	6,023,283	8,972,498	10,796	165,021	15,171,598	7,222,421
Operating expenses						
Personal services	975,850	2,703,160	-	65,077	3,744,087	824,967
Administration	-	-	-	-	-	91,969
Materials and supplies	275,218	1,311,854	-	1,060	1,588,132	247,195
Contractual and other services	2,193,648	1,850,930	26,135	139,978	4,210,691	4,969,124
Benefit payments	-	-	-	-	-	136,836
Depreciation	1,125,963	932,957	262,944	39,804	2,361,668	374,604
Total operating expenses	4,570,679	6,798,901	289,079	245,919	11,904,578	6,644,695
Operating income (loss)	1,452,604	2,173,597	(278,283)	(80,898)	3,267,020	577,726
Nonoperating revenues (expenses)						
Investment income	32,576	37,910	3,148	579	74,213	37,954
Interest and fiscal charges	-	-	-	(1,000)	(1,000)	-
Total nonoperating revenues (expenses)	32,576	37,910	3,148	(421)	73,213	37,954
Income (loss) before transfers	1,485,180	2,211,507	(275,135)	(81,319)	3,340,233	615,680
Transfers in	-	-	-	502,623	502,623	-
Transfers out	-	-	(400,000)	-	(400,000)	-
Change in net position	1,485,180	2,211,507	(675,135)	421,304	3,442,856	615,680
Net position, beginning of year	26,908,881	36,485,608	17,764,351	3,492,547	84,651,387	3,320,622
Net position, end of year	\$ 28,394,061	\$ 38,697,115	\$ 17,089,216	\$ 3,913,851	\$ 88,094,243	\$ 3,936,302

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, MICHIGAN

Reconciliation

Change in Net Position of Enterprise Funds
to Change in Net Position of Business-type Activities
For the Fiscal Year Ended June 30, 2017

Net change in net position - total enterprise funds	\$ 3,442,856
Amounts reported for <i>business-type activities</i> in the statement of activities are different because:	
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. A portion of the net operating income attributable to those funds is reported with business-type activities.	<u>66,076</u>
Change in net position of business-type activities	<u><u>\$ 3,508,932</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, MICHIGAN

Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2017

	Enterprise Funds - Business-type Activities				Totals	Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds		Internal Service
Cash flows from operating activities						
Receipts from customers and users	\$ 5,871,904	\$ 8,891,541	\$ 9,032	\$ 135,311	\$ 14,907,788	\$ -
Receipts for interfund services provided	-	-	-	-	-	7,209,104
Payments to employees	(1,229,727)	(2,445,509)	-	(65,077)	(3,740,313)	(826,655)
Payments to vendors and claimants	(2,625,465)	(3,506,769)	(26,298)	(203,961)	(6,362,493)	(5,477,062)
Net cash provided by (used in) operating activities	2,016,712	2,939,263	(17,266)	(133,727)	4,804,982	905,387
Cash flows from capital and related financing activities						
Purchase of capital assets	(3,308,555)	(1,581,537)	-	(301,683)	(5,191,775)	(107,552)
Installment purchase agreement	-	-	-	-	-	107,552
Principal paid on long-term debt	-	-	-	-	-	(28,477)
Interest paid on long-term debt	-	-	-	(1,000)	(1,000)	-
Interfund advances	-	-	-	-	-	169,247
Net cash provided by (used in) capital and related financing activities	(3,308,555)	(1,581,537)	-	(302,683)	(5,192,775)	140,770
Cash flows from noncapital financing activities						
Transfers in	-	-	-	502,623	502,623	-
Transfers out	-	-	(400,000)	-	(400,000)	-
Net cash provided by (used in) noncapital financing activities	-	-	(400,000)	502,623	102,623	-
Cash flows provided by investing activities						
Interest received on investments	32,576	37,910	3,148	579	74,213	37,956
Net change in cash and cash equivalents	(1,259,267)	1,395,636	(414,118)	66,792	(210,957)	1,084,113
Cash and cash equivalents, beginning of year	10,343,142	9,730,870	947,892	271,107	21,293,011	1,472,564
Cash and cash equivalents, end of year	\$ 9,083,875	\$ 11,126,506	\$ 533,774	\$ 337,899	\$ 21,082,054	\$ 2,556,677
Classified on the statement of net position as:						
Pooled cash and investments	\$ 9,083,875	\$ 11,126,506	\$ 533,774	\$ 337,899	\$ 21,082,054	\$ 2,510,677
Restricted cash and cash equivalents	-	-	-	-	-	46,000
	\$ 9,083,875	\$ 11,126,506	\$ 533,774	\$ 337,899	\$ 21,082,054	\$ 2,556,677

continued...

CITY OF JACKSON, MICHIGAN

■ Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2017

	Enterprise Funds - Business-type Activities				Totals	Governmental
	Sewage	Water	Parking Deck	Nonmajor Funds		Internal Service
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ 1,452,604	\$ 2,173,597	\$ (278,283)	\$ (80,898)	\$ 3,267,020	\$ 577,726
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1,125,963	932,957	262,944	39,804	2,361,668	374,604
Change in operating assets and liabilities that provided (used) cash:						
Accounts receivable	(151,379)	(85,132)	(2,831)	(29,710)	(269,052)	(8,120)
Inventories	-	(62,666)	-	-	(62,666)	-
Prepaid items	-	-	-	-	-	(43,471)
Accounts payable	(156,599)	(281,319)	(163)	(52,648)	(490,729)	11,533
Accrued payroll	10,850	8,360	-	(275)	18,935	(1,688)
Customer deposits	-	4,175	-	-	4,175	-
Due to other funds	-	-	-	-	-	(5,197)
Unearned revenue	-	-	1,067	-	1,067	-
Accrued compensated absences	9,017	3,418	-	-	12,435	-
Advance from other funds	-	-	-	(10,000)	(10,000)	-
Net pension liability and related deferred amounts	(273,744)	245,873	-	-	(27,871)	-
Net cash provided by (used in) operating activities	<u>\$ 2,016,712</u>	<u>\$ 2,939,263</u>	<u>\$ (17,266)</u>	<u>\$ (133,727)</u>	<u>\$ 4,804,982</u>	<u>\$ 905,387</u>

concluded.

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, MICHIGAN

Statement of Fiduciary Net Position - Fiduciary Funds

June 30, 2017

	Pension and Other Employee Benefits Trust Funds	Agency Funds
Assets		
Pooled cash and investments	\$ 250,551	\$ 140,262
Investments, at fair value:		
U.S. treasuries	1,773,846	-
U.S. agencies	389,890	-
Corporate bonds:		
Domestic bonds	9,929,554	-
Domestic mutual funds	10,675,408	-
Equities:		
Domestic stocks	27,421,809	-
Domestic mutual funds	13,713,430	-
International stocks	7,354,908	-
International mutual funds	7,941,403	-
Money market accounts	3,566,154	-
Receivables -		
Interest and dividends receivable	61,334	-
Total assets	<u>83,078,287</u>	<u>\$ 140,262</u>
Liabilities		
Due to other governments	-	\$ 49,125
Refunds payable and other liabilities	102,752	91,137
Total liabilities	<u>102,752</u>	<u>\$ 140,262</u>
Net position		
Restricted for pension and other employee benefits	<u>\$ 82,975,535</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, MICHIGAN

Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefits Trust Funds

For the Fiscal Year Ended June 30, 2017

Additions

Contributions:

Employer	\$ 8,226,673
Plan members	1,219,788
Total contributions	<u>9,446,461</u>

Investment income:

Net appreciation in fair value of investments	9,163,375
Interest	214,146
Dividends	722,395
Total investment income	<u>10,099,916</u>

Less investment expense	<u>393,778</u>
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Net investment income	<u>9,706,138</u>
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Total additions	<u>19,152,599</u>
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Deductions

Benefits	12,811,068
Administrative expense	168,037

Total deductions	<u>12,979,105</u>
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Change in net position	6,173,494
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Net position -

Beginning of year	<u>76,802,041</u>
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End of year	<u>\$ 82,975,535</u>
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The accompanying notes are an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Jackson, Michigan (the “City”) was incorporated in 1857 and is the seat of Jackson County. The City operates under a Council-Manager form of government and provides the following services: legislative, general government, public safety, public works, culture and recreation, community enrichment and development, sewer, water, parking system, and golf practice center.

The financial statements of the City of Jackson, Michigan have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government) and its component units. The component units discussed below are included in the City’s reporting entity because of the significance of their operational or financial relationship with the City. Each blended or discretely presented component unit has a June 30 year end.

Blended Component Unit

Blended component units, although legally separate entities, are essentially part of the government’s operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

City of Jackson Building Authority - All Board Members of the City of Jackson Building Authority are selected by the City Council and the annual budget is approved by the City Council. Proceeds from a limited-tax full faith and credit general obligation bond issue are used to finance certain improvements and renovations in City Hall. The Authority’s activity is presented in the capital projects and debt service funds.

Discretely Presented Component Units

Discretely presented component units are entities that are legally separate from the City but for which the City is financially accountable, or their relationship with the City is such that exclusion would cause the City’s financial statements to be misleading or incomplete. The discretely presented component units, each with a June 30 fiscal year end, are as follows:

City of Jackson Brownfield Redevelopment Authority - The Brownfield Redevelopment Authority was established by the City to facilitate the revitalization of environmentally distressed areas utilizing tax increment financing. The majority of Board members are appointed by the Mayor and subject to City Council approval. The City has the ability to significantly influence operations and has accountability for financial matters. Separate financial statements are not prepared. The Authority uses governmental fund type accounting and is reported in a separate column. The Brownfield Redevelopment Authority is accounted for as a capital projects fund.

City of Jackson Downtown Development Authority - The Downtown Development Authority is responsible for directing improvements in a taxing district within the City. The Mayor appoints the members of the Authority’s governing board, subject to City Council approval. The City has the ability to significantly influence operations and has accountability for financial matters. The Authority uses governmental fund type accounting and is reported in a separate column.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Complete financial statements of the Downtown Development Authority may be obtained from the City of Jackson Downtown Development Authority, 212 W. Michigan Avenue, Jackson, Michigan 49201.

Basis of Presentation

Government-wide and Fund Financial Statements

Government-wide Financial Statements. The statements of net position and activities display information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the City's *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category - *governmental*, *proprietary* and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds, which do not have a measurement focus. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period, except for reimbursement-based grants which must be collected within one year. Property taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual.

Expenditures generally are recorded when a related fund liability is incurred, except for debt service expenditures, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases, if any, are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all the financial resources of the general government, except those accounted for and reported in another fund.

Major streets special revenue fund. This fund is used to control the expenditures of motor fuel taxes which are earmarked by law for major street and highway purposes.

Special assessment capital projects fund. This fund accounts for public improvement expenditures deemed to benefit only the properties against which the special assessments are levied.

2017 Michigan transportation bonds construction fund. This fund accounts for monies set aside to fund various highway and street projects funded by the 2017 Michigan transportation bonds.

The City reports the following major enterprise funds:

Sewage enterprise fund. This fund accounts for the activities of the City's sewage disposal and sewage treatment systems.

Water enterprise fund. This fund accounts for the operations of the City's water distribution and water treatment systems.

Parking deck enterprise fund. This fund accounts for the operations of the City's East and West parking deck structures as well as surface parking constructed on Water Street.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Additionally, the City reports the following fund types:

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The *debt service funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets that are not being financed by proprietary funds.

The *permanent funds* account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs—that is, for the benefit of the government or its citizenry.

The *enterprise funds* account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The *internal service funds* are proprietary funds used to account for major machinery and equipment purchases and maintenance, as well as risk management services provided to other departments of the City on a cost reimbursement basis.

The *pension and other employee benefits trust funds* account for the activities of the City's three retirement funds and the retiree health care fund, which accumulate resources for retirement benefit payments and future retiree health care costs to qualified employees.

The *agency funds* account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. Agency funds account for property tax collections, are custodial in nature (assets equal liabilities), and do not involve the measurement of results of operations.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits and Investments

The City Treasurer maintains a cash management pool that is used by all funds and component units of the government, except for the pension trust funds and the downtown development authority component unit. In addition to their participation in the cash management pool, certain funds and component units also have separate checking accounts. The cash management pool has the general characteristics of a demand deposit account in that deposits and withdrawals may be made at any time without prior notice or penalty. Accordingly, each fund's portion of this pool, along with any amounts in separate demand deposit accounts, is reported as "pooled cash and investments".

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments. The State's Pension Investment Act, as amended, authorizes the pension and other employee benefits trust funds to invest in common stocks, real estate, and various other investment instruments, subject to certain limitations.

Investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have established market values are reported at estimated fair value. Cash deposits are reported at carrying amounts, which reasonably approximates fair value.

Unrealized appreciation or depreciation on investments due to changes in fair value are recognized each year.

Receivables and Payables

All trade and delinquent property tax receivables are shown net of an allowance for uncollectibles, as applicable.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund receivables/payables (i.e., the current portion of interfund loans) or *advances to/from other funds* (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as *due to/from other funds*. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as internal balances.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds, with the exception of the major streets fund, are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items when purchased in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$20,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

	Years
Public domain infrastructure	16-50
Land improvements	50
Buildings and improvements	50
Park and recreation facilities	50
Machinery and equipment	5-15
Water and sewage systems	10-50

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City reports deferred outflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension plans.

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and compensatory time benefits, subject to certain limitations. Certain bargaining unit employees are also permitted to accumulate earned but unused sick leave. All vacation and compensatory time pay and 50 percent of sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds also report unavailable revenues, which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources for change in expected and actual investment returns in its pension plan.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. A formal resolution of the City Council is required to establish, modify, or rescind a fund balance commitment. Authority rests with the City Council to assign fund balances. Assigned fund balances are reported in instances where the City Council has authorized for the making of such assignments. The general fund is the only fund that reports a positive unassigned fund balance amount. Governmental funds other than the general fund may find it necessary to report a negative unassigned fund balance if expenditures incurred for a specific purpose exceed the amounts that are restricted, committed, or assigned to that purpose. Unassigned fund balance is the residual classification used only for the general fund and any deficits reported in other governmental funds. The City Council adopted a fund balance policy in December, 2012, as recommended by the Government Finance Officers Association. This adopted policy prescribes a minimum 15% fund balance with a desired fund balance level of 30% within the general fund and also provides timeframes that the City would have to "replenish" fund balance and attain these higher levels.

When the government incurs expenditures for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed, assigned and finally unassigned fund balance.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

2. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year end, except for those approved by the City Council for carry forward. The City Council requires the City Manager to submit an estimate of revenues and anticipated expenditures for the succeeding fiscal year in May. The City Manager is then authorized to assign and transfer budget amounts within each fund to the extent that the net total fund appropriation (which the City defines as gross authorized expenditures less related revenues that are specifically designated to fund those activities) is not exceeded.

An operating budget is adopted each fiscal year for the general and special revenue funds on a basis consistent with GAAP. Budgets are legally required for the general and special revenue funds. Budgetary control is exercised at the activity level within the general fund and the community development block grant special revenue fund, and on the fund level for all other funds. Accordingly, financial statement presentation is made on this basis. A City Council resolution is required to increase activity budget amounts within the general fund and the community development block grant special revenue fund and any supplemental appropriations that increase the total expenditures of any other fund. Management can make budget transfers between line items within an activity for the general fund and the community development block grant special revenue fund and between line items for the fund as a whole for other funds.

Council reported budgeted amounts are as originally adopted or are amended by department revision or resolution. Supplemental budgetary appropriations were made during the year, the total of which was not significant in relation to the original appropriations.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other firm commitments are used for the expenditure of monies, is utilized as an extension of formal budgetary control in the governmental funds. Encumbered amounts lapse at year-end, however, material encumbrances generally are reappropriated as part of the following year's budget.

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the year ended June 30, 2017, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	Total Appropriations	Amount of Expenditures	Budget Variance
General fund			
Current -			
Community enrichment and development -			
Economic development	\$ 553,067	\$ 580,940	\$ 27,873
Nonmajor governmental funds			
LAWNET grant special revenue fund	-	1,365	1,365
SAFER grant special revenue fund	247,752	266,114	18,362

4. FUND DEFICIT

At June 30, 2017, the special assessment capital projects fund had a fund deficit of \$791,262. This deficit will be eliminated as deferred special assessments become due.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

5. DEPOSITS AND INVESTMENTS

Summary of Deposit and Investment Balances. Following is a reconciliation of deposit and investment balances as of June 30, 2017:

	Primary Government	Component Units	Total
Statement of Net Position			
Pooled cash and investments	\$ 41,622,238	\$ 1,667,266	\$ 43,289,504
Restricted cash:			
Cash on hand with agents	46,000	-	46,000
Pooled cash and investments	3,300,835	-	3,300,835
Statement of Fiduciary Net Position			
Pooled cash and investments	390,813	-	390,813
Investments - pension and other employee benefits	82,766,402	-	82,766,402
Total	\$ 128,126,288	\$ 1,667,266	\$ 129,793,554
Deposits and investments:			
Bank deposits (checking, savings and certificates of deposit)			\$ 34,068,065
Investments in securities and mutual funds:			
Cash and investment pool			12,897,522
Pension and other employee benefits trust funds			82,766,402
Cash on hand with agents			46,000
Cash on hand			15,565
Total			\$ 129,793,554

Deposits and Investments - Cash and Investment Pool

Custodial Credit Risk - Deposits. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2017, \$21,205,084 of the City's total bank balance of \$31,532,832 (total book balance was \$34,068,065) was exposed to custodial credit risk as it was uninsured and uncollateralized.

The City's investment policy does not specifically address this risk, although the City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments. Following is a summary of the City's investments as of June 30, 2017:

U.S. treasuries	\$ 1,202,661
U.S. agencies	612,074
Domestic equities	19,932
Money markets	11,062,855
Total	\$ 12,897,522

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of June 30, 2017, none of the City's investments, excluding the money market accounts which are not subject to custodial credit risk, were exposed to risk since the securities are held in the City's name by the counterparty.

Credit Risk. As of June 30, 2017, all of the City's investments in securities of U.S. agencies were rated AA+ by Standard & Poor's. The City also held investments in U.S. treasuries and money market accounts, which are not rated. The City's investment policy does not have specific limits in excess of state law on investment credit risk.

Concentration of Credit Risk. The City's investment policy does not address this risk. At June 30, 2017, there were no concentrations in securities of any one issuer greater than 5% of investment fair market value.

Interest Rate Risk. As of June 30, 2017, maturities of the City's debt securities were as follows:

	Investment Maturities (fair value by years)			
	Fair Value	Less Than 1	1-5	6-10
U.S. treasuries	\$ 1,202,661	\$ 154,472	\$ 767,136	\$ 281,053
U.S. agencies	612,074	213,506	398,568	-
	<u>\$ 1,814,735</u>	<u>\$ 367,978</u>	<u>\$ 1,165,704</u>	<u>\$ 281,053</u>

The City's investment policy does not address interest rate risk. The City's investments in U.S. agencies are non-callable.

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

As of June 30, 2017, the recurring fair value measurements for the City's investments were: the domestic equities and money market accounts were Level 1 and the U.S. treasuries and agencies were Level 2.

Deposits and Investments - Pension and Other Employee Benefits Trust Funds

The City maintains three pension trust funds (see Note 17) and one other employee benefits trust fund (see Note 18) where deposits and investments are maintained separately from the City's pooled cash and investments, and are subject to separate investment policies and state statutes. Accordingly, the required disclosures for the pension and other employee benefits trust funds' deposits and investments are presented separately.

Deposits - The pension and other employee benefits trust funds do not maintain any checking or other demand/time deposit accounts.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Investments - The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the pension and other employee benefit trusts to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The Retirement Boards have the responsibility and authority to oversee the respective investment portfolios. Various professional investment managers are contracted to assist in managing the trust funds' assets. All investment decisions are subject to Michigan law and the investment policy established by each respective Retirement Board.

The pension and other employee benefits trust funds' investments are held in various financial institution or bank-administered trusts. Following is a summary of the funds' investments as of June 30, 2017:

Investments at fair value, as determined by
quoted market price:

U.S. treasuries	\$ 1,773,846
U.S. agencies	389,890
Corporate bonds:	
Domestic bonds	9,929,554
Domestic mutual funds	10,675,408
Equities:	
Domestic stocks	27,421,809
Domestic mutual funds	13,713,430
International stocks	7,354,908
International mutual funds	7,941,403
Money market accounts	<u>3,566,154</u>

Total investments \$ 82,766,402

Credit Risk. The pension and other employee benefits trust funds' investment policy provides that its investments in fixed income securities should have an investment grade rating by two nationally recognized statistical rating organizations. As of June 30, 2017, the pension and other employee benefits trust funds' investments in securities of U.S. agencies were all rated AA+ by Standard & Poor's and AAA by Moody's.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

The pension and other employee benefits trust funds' investments in domestic corporate bonds were rated by Standard & Poor's as follows:

Rating	Amount
AAA	\$ 556,405
AA+	120,038
AA-	113,104
AA	15,029
A+	20,295
A	352,363
A-	880,696
BBB+	1,351,643
BBB	1,404,065
BBB-	162,730
BB+	116,235
BB	114,824
BB-	327,492
B+	260,003
B	31,368
B-	419,143
Not rated	<u>3,684,121</u>
Totals	<u>\$ 9,929,554</u>

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the pension and other employee benefits trust funds will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The pension and other employee benefits trust funds' investment policy requires that investment securities be held in trust by a third-party institution in each fund's name. As such, although uninsured and unregistered, the pension and other employee benefits trust funds' investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in each funds' name.

Short-term investments in money market accounts are not subject to custodial credit risk.

Concentration of Credit Risk. The pension and other employee benefits trust funds' investment policies require that the securities of any one company or government agency should not exceed 5% of the total investment market value of each individual pension and other employee benefit trust fund. At June 30, 2017, there were no concentrations in securities of any one issuer greater than 5% of investment fair market value.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Interest Rate Risk. As of June 30, 2017, maturities of debt securities were as follows:

	Investment Maturities (fair value by years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. treasuries	\$ 1,773,846	\$ -	\$ 1,450,996	\$ 322,850	\$ -
U.S. agencies	389,890	12,966	124,709	-	252,215
Domestic corporate bonds:					
Callable	781,318	-	480,923	-	300,395
Non-callable	8,813,336	1,301,983	4,768,520	2,085,976	656,857
Other fixed income	334,900	-	204,857	130,043	-
	<u>\$ 12,093,290</u>	<u>\$ 1,314,949</u>	<u>\$ 7,030,005</u>	<u>\$ 2,538,869</u>	<u>\$ 1,209,467</u>

The City assumes that its callable bonds totaling \$781,318 will not be called. The pension and other employee benefits trust funds' investment policies do not address interest rate risk.

Fair Value Measurements. The pension and other employee benefits trust funds categorize the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs - other than quoted prices - included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the management's review of the type and substance of investments held by the pension and other employee benefits trust funds.

The pension and other employee benefits trust funds had the following recurring fair value measurements as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
U.S. treasuries	\$ -	\$ 1,773,846	\$ -	\$ 1,773,846
U.S. agencies	-	389,890	-	389,890
Corporate bonds:				
Domestic bonds	-	9,929,554	-	9,929,554
Domestic mutual funds	-	10,675,408	-	10,675,408
Equities:				
Domestic stocks	27,421,809	-	-	27,421,809
Domestic mutual funds	13,713,430	-	-	13,713,430
International stocks	7,354,908	-	-	7,354,908
International mutual funds	7,941,403	-	-	7,941,403
Money market accounts	3,566,154	-	-	3,566,154
Total investments	<u>\$ 59,997,704</u>	<u>\$ 22,768,698</u>	<u>\$ -</u>	<u>\$ 82,766,402</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

6. RECEIVABLES

Receivables are comprised of the following at year end:

	Governmental Activities	Business-type Activities	Component Units
Accounts receivable	\$ 3,258,702	\$ 3,683,801	\$ -
Allowance for uncollectible amounts	(2,624,972)	(29,591)	-
Taxes receivable	1,894,755	-	-
Loans receivable	55,125	-	-
Notes receivable	-	-	66,684
Interest receivable	26,833	-	-
Other receivables	1,864,122	-	-
Due from other governments	1,869,283	-	-
	<u>\$ 6,343,848</u>	<u>\$ 3,654,210</u>	<u>\$ 66,684</u>
Amount not expected to be collected within one year	<u>\$ 2,071,505</u>	<u>\$ -</u>	<u>\$ 60,141</u>

7. CAPITAL ASSETS

Capital assets activity of the primary government for the year ended June 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated -				
Land	\$ 2,428,780	\$ -	\$ 33,500	\$ 2,395,280
Capital assets being depreciated:				
Infrastructure	150,049,848	8,126,255	-	158,176,103
Land improvements	15,763,181	-	-	15,763,181
Buildings and improvements	16,699,780	-	-	16,699,780
Park and recreation facilities	10,977,671	-	160,875	10,816,796
Machinery and equipment	14,586,786	242,943	244,113	14,585,616
	<u>208,077,266</u>	<u>8,369,198</u>	<u>404,988</u>	<u>216,041,476</u>
Less accumulated depreciation for:				
Infrastructure	102,106,334	3,416,965	-	105,523,299
Land improvements	3,781,071	315,264	-	4,096,335
Buildings and improvements	6,566,527	282,652	-	6,849,179
Park and recreation facilities	5,609,275	159,014	135,135	5,633,154
Machinery and equipment	12,572,924	614,203	244,113	12,943,014
	<u>130,636,131</u>	<u>4,788,098</u>	<u>379,248</u>	<u>135,044,981</u>
Total capital assets being depreciated, net	<u>77,441,135</u>	<u>3,581,100</u>	<u>25,740</u>	<u>80,996,495</u>
Governmental activities capital assets, net	<u>\$ 79,869,915</u>	<u>\$ 3,581,100</u>	<u>\$ 59,240</u>	<u>\$ 83,391,775</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 8,956,886	\$ -	\$ -	\$ 8,956,886
Construction in progress	1,847,842	878,610	2,604,912	121,540
	<u>10,804,728</u>	<u>878,610</u>	<u>2,604,912</u>	<u>9,078,426</u>
Capital assets being depreciated:				
Systems	84,822,549	2,963,228	-	87,785,777
Land improvements	2,512,519	1,685,928	-	4,198,447
Buildings and improvements	12,927,529	-	-	12,927,529
Machinery and equipment	10,878,593	2,268,921	-	13,147,514
	<u>111,141,190</u>	<u>6,918,077</u>	<u>-</u>	<u>118,059,267</u>
Less accumulated depreciation for:				
Systems	44,238,437	1,682,739	-	45,921,176
Land improvements	1,179,138	79,330	-	1,258,468
Buildings and improvements	4,911,770	245,671	-	5,157,441
Machinery and equipment	9,595,535	353,928	-	9,949,463
	<u>59,924,880</u>	<u>2,361,668</u>	<u>-</u>	<u>62,286,548</u>
Total capital assets being depreciated, net	<u>51,216,310</u>	<u>4,556,409</u>	<u>-</u>	<u>55,772,719</u>
Business-type activities capital assets, net	<u>\$ 62,021,038</u>	<u>\$ 5,435,019</u>	<u>\$ 2,604,912</u>	<u>\$ 64,851,145</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 237,992
Public safety	176,345
Public works, including depreciation of general infrastructure assets	3,511,762
Culture and recreation	202,910
Community enrichment and development	284,485
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>374,604</u>
Total depreciation expense - governmental activities	<u>\$ 4,788,098</u>
Business-type activities:	
Sewage	\$ 1,125,963
Water	932,957
Parking system	262,944
Golf practice center	<u>39,804</u>
Total depreciation expense - business-type activities	<u>\$ 2,361,668</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

8. PAYABLES

Payables are comprised of the following at year end:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 1,523,717	\$ 483,377	\$ 1,252
Accrued payroll	457,456	102,481	544
Other liabilities	352,281	-	-
Customer deposits	-	221,525	-
	<u>\$ 2,333,454</u>	<u>\$ 807,383</u>	<u>\$ 1,796</u>

9. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

At June 30, 2017, amounts due from and due to other funds were as follows:

Receivable funds	Payable Funds			Total
	General Fund	Nonmajor Governmental Funds	Internal Service Funds	
General fund	\$ -	\$ 274,327	\$ -	274,327
Nonmajor governmental funds	67,761	-	10,708	78,469
	<u>\$ 67,761</u>	<u>\$ 274,327</u>	<u>\$ 10,708</u>	<u>\$ 352,796</u>

At June 30, 2017, long-term advances between funds were as follows:

Receivable funds	Payable Funds				Total
	Special Assessment Capital Projects	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Funds	
General fund	\$ -	\$ 50,000	\$ -	\$ -	\$ 50,000
Nonmajor governmental funds	-	-	30,000	-	30,000
Internal service funds	963,200	-	-	33,450	996,650
	<u>\$ 963,200</u>	<u>\$ 50,000</u>	<u>\$ 30,000</u>	<u>\$ 33,450</u>	<u>\$ 1,076,650</u>

The City has interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds and proprietary funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

The advance from the nonmajor governmental funds was executed in order to assist the cash position (cash flow) of the golf practice center enterprise activity. Also, an advance from the internal service funds was used to provide cash for the special assessment capital projects fund and for the equipment revolving fund. Additionally, an advance from the general fund was used to provide cash for the community development block grant fund.

For the year ended June 30, 2017, interfund transfers consisted of the following:

Transfers Out	Transfers In					Total
	General Fund	Major Streets Fund	Special Assessment Capital Projects	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	
General fund	\$ 5,333	\$ -	\$ -	\$ 1,001,822	\$ 21,500	\$ 1,028,655
Major streets fund	-	-	-	250,000	-	250,000
Special assessment capital projects fund	-	790,280	-	262,777	37,050	1,090,107
2017 capital projects	-	-	1,053,057	-	-	1,053,057
Nonmajor governmental funds	18,682	-	-	3,959,132	44,073	4,021,887
Parking deck	-	-	-	-	400,000	400,000
	<u>\$ 24,015</u>	<u>\$ 790,280</u>	<u>\$ 1,053,057</u>	<u>\$ 5,473,731</u>	<u>\$ 502,623</u>	<u>\$ 7,843,706</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

10. LONG-TERM DEBT

General obligation bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued for the items listed below was \$58,968,577.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

Purpose	Fiscal Year Matures	Interest Rates	Amount
Governmental activities			
1999 building authority limited tax	2019	5.25%	\$ 100,000
2001 downtown development	2026	3.70%-5.75%	7,243,038
2011 downtown development refunding	2030	4.375%-4.750%	5,395,000
2012 brownfield redevelopment refunding	2031	2.00%-4.00%	6,365,000
2013 general obligation refunding	2027	2.00%-4.00%	6,840,000
2016 capital improvement	2026	0.75%-2.25%	1,183,000
2017 transportation bond	2031	2.41%	8,970,000
2017 brownfield refunding	2030	2.64%	9,080,000
			<u>\$ 45,176,038</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year	Governmental Activities	
	Principal	Interest
2018	\$ 2,757,118	\$ 2,456,511
2019	2,844,608	2,515,413
2020	2,870,453	2,581,730
2021	2,963,299	2,649,420
2022	3,035,697	2,721,024
2023-2027	18,704,863	12,260,088
2028-2031	12,000,000	994,433
	<u>\$ 45,176,038</u>	<u>\$ 26,178,619</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Installment purchase agreement. The government enters into installment purchase agreements for equipment and related capital assets. The installment purchase agreements outstanding at year-end are as follows:

	Maturity Date	Interest Rate	Original Amount	Amount
Installment purchase agreement				
Governmental activities:				
2016 Lease Purchase Agreement - Fire Truck	2023	5.00%	\$ 459,493	\$ 347,561
2017 Lease Purchase Agreement - Bucket Truck	2020	4.00%	107,552	<u>79,075</u>
				<u>\$ 426,636</u>

Annual debt service requirements to maturity for installment purchase agreements are as follows:

Year	Governmental Activities	
	Principal	Interest
2018	\$ 78,897	\$ 14,016
2019	81,578	11,334
2020	84,352	8,561
2021	58,745	5,691
2022	60,584	3,852
2023	<u>62,480</u>	<u>1,956</u>
	<u>\$ 426,636</u>	<u>\$ 45,410</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Changes in long-term debt. Long-term debt activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental activities					
General obligation bonds	\$ 38,049,452	\$ 18,050,000	\$ 10,923,414	\$ 45,176,038	\$ 2,757,118
Installment purchase agreements	399,493	107,552	80,409	426,636	78,897
Compensated absences	1,884,362	925,830	1,153,203	1,656,989	165,699
Less deferred amounts for:					
Issuance discount	(109,795)	54,124	(3,480)	(52,191)	(3,480)
Issuance premium	439,415	-	36,735	402,680	36,735
	<u>\$ 40,662,927</u>	<u>\$ 19,137,506</u>	<u>\$ 12,190,281</u>	<u>\$ 47,610,152</u>	<u>\$ 3,034,969</u>
Business-type activities					
Compensated absences	<u>\$ 303,640</u>	<u>\$ 150,195</u>	<u>\$ 137,760</u>	<u>\$ 316,075</u>	<u>\$ 39,542</u>

For the governmental activities, compensated absences, net pension liability and net other postemployment benefit obligations are generally liquidated by the general fund.

11. SEGMENT INFORMATION - ENTERPRISE FUNDS

The government issued revenue bonds to finance certain improvements to its water and sewage systems, which were paid off in fiscal 2016. Because the water and sewage funds, which are individual enterprise funds that account entirely for the government's water and sewage activities, are reported as major funds in the fund financial statements, segment disclosures herein are not required.

12. ENDOWMENTS

Ella W. Sharp Park Endowment Permanent Trust Fund. For the year ended June 30, 2017, the net appreciation on investments of donor-restricted endowments was \$11,092 and there was an overall decrease in fund balance of \$11,864. Under the terms of the endowment, and consistent with State statutes, the City is authorized to spend the trust earnings, except for unrealized gains and losses, for the benefit of the Ella Sharp Park. The nonspendable endowment balance is \$1,108,855.

Cemetery Perpetual Maintenance Permanent Trust Fund. For the year ended June 30, 2017, the net depreciation on investments of donor-restricted endowments was \$11,642 and there was an overall decrease in fund balance of \$5,705. Under the terms of the endowment, and consistent with State statutes, the City is authorized to spend the trust earnings, except for unrealized gains and losses, for the benefit of the cemetery system. At year-end the nonspendable endowment balance is \$1,915,288.

Lloyd E. Mount Endowment Permanent Trust Fund. For the year ended June 30, 2017, the net appreciation on investments of donor-restricted endowments was \$834 and there was an overall increase in fund balance of \$296,937. Under the terms of the endowment, and consistent with State statutes, the City is authorized to spend the trust earnings, except for unrealized gains and losses, to initiate some new program of park entertainment or education for public benefit. At year-end the nonspendable endowment balance is \$296,937.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

13. RISK MANAGEMENT

During the normal course of its operations, the City is exposed to various risks of loss related to liability, employee injury and other circumstances. In all instances other than workers' compensation, the City has retained coverages through commercial insurance carriers. For workers' compensation, the City has opted to protect itself from risks through means other than the purchase of traditional insurance coverage.

In 1979, the City established a self-insurance program for workers' compensation, which is accounted for in the workers' compensation internal service fund. This program is administered by a service agency, which furnishes safety inspection, claims review, and claims processing. A specific excess workers' compensation reinsurance policy indemnifies the City on a statutory basis in excess of the first \$1,000,000 per occurrence. All applicable funds are charged premiums based on payroll and workers' compensation classification. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

The claims liability of \$274,612 reported in the workers' compensation internal service fund at June 30, 2017, is based on the requirements that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability is estimated by management based upon historical experience. No annuity contracts have been purchased for claims liabilities. At June 30, 2017, \$111,021 of the total amount is considered to be due within one year.

The changes in the workers' compensation internal service fund liability amount for the years ended June 30, 2017 and 2016, are as follows:

	2017	2016
Claims liability at beginning of fiscal year	\$ 274,612	\$ 427,191
Claims and changes in estimates	79,969	(78,181)
Claims payments	<u>(79,969)</u>	<u>(74,398)</u>
Claims liability at June 30, 2017	<u>\$ 274,612</u>	<u>\$ 274,612</u>

There were no significant reductions in insurance coverage from the prior year and no insurance settlements have exceeded coverage for each of the past three fiscal years.

14. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of December 31 each year. The City property tax is levied July 1 based on the taxable value of the property as of the preceding December 31. Real and personal property in the City for the July 1, 2016 levy was assessed and valued at approximately \$594 million, representing approximately 50% of estimated current market value.

The City's operating tax rate is 6.7192 mills (cannot exceed 7.00 mills) with an additional 1.9197 (cannot exceed 2.00 mills) for public improvement, 7.2300 for Act 345 Pension, 1.1700 for City Hall bond, and 1.9996 for the Downtown Development Authority, a component unit of the City.

Taxes are payable to the City in five equal installments on the twentieth of the month commencing in July and ending in November. They are deemed delinquent immediately after the due date.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

15. TAX ABATEMENTS

The City received reduced property tax revenues during 2017 as a result of industrial facilities tax exemptions (IFT's) and brownfield redevelopment agreements entered into by the City.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Development Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the City. The abatements amounted to approximately \$20,500 in reduced tax revenues for 2017.

Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. These agreements were entered into based upon the Brownfield Redevelopment Act, PA 381 of 1996, as amended. Under this Act, a municipality may create a brownfield redevelopment authority to develop and implement brownfield projects. Tax increment financing may be used as a tool for property redevelopment. The abatements amounted to approximately \$30,400 in reduced City tax revenues for 2017.

16. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

On July 1, 1974 the City sold the Reynolds Municipal Airport to the County of Jackson. The terms of the transfer document indicated the property was being sold "as is". There was also language in the transfer documents providing for indemnification from the County to the City. The County is undertaking an expansion of the airport runways. During the preliminary stages of the expansion, it was discovered the City had operated a landfill on the property during the City's ownership. The landfill was licensed by the Michigan Department of Natural Resources during the City's operation. Even though the City complied with all laws in existence at the time, the City remains liable for any contamination resulting from the ownership/operation of the landfill. As part of the Airport expansion process, the County gave notice to the Michigan Department of Environmental Quality (MDEQ) that an old landfill was on the site. As a result of the County's action, the City received a Notice of Violation in 2005 from the MDEQ. In August 2007, the City released its right to the Reverter clause contained in the 1974 transfer deed to the County. In return, the City received additional indemnification from the County. It is not known at present if the MDEQ will have specific requirements during runway construction. The matter is not covered by insurance and the potential costs could be significant. No provision for the loss has been made in the accompanying financial statements.

17. PENSION PLAN - SINGLE EMPLOYER PENSION TRUST FUNDS

General Information about the Pension Plans

Plan administration. The City administers three single-employer defined benefit pension plans which provide retirement, death, and disability benefits covering substantially all City employees, subject to certain eligibility requirements. The obligation to contribute to these three plans and benefit provisions are authorized and amended by City ordinance. The plans do not issue separate or stand-alone reports.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Plan membership. At June 30, 2017, the date of the roll forward of the prior year actuarial valuations, system membership consisted of the following:

	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund
Retirees and beneficiaries receiving benefits	188	23	169
Terminated plan members entitled to, but not yet receiving benefits	23	-	6
Active plan members	141	-	63
	<u>352</u>	<u>23</u>	<u>238</u>

Employees' Retirement System

Benefits provided. The Employees' Retirement System Pension Plan (ERS) is a contributory defined benefit plan that covers substantially all City employees not covered under one of the City's policemen's and firemen's pension plans and provides for retirement, death, and disability benefits. Members contribute 2.5% of annual compensation or one-half of the actuarially computed contribution if it is greater than 5.0%. The City contributes 2.5% of total compensation as a minimum, plus additional amounts as are necessary to provide assets sufficient for the early retirement window period. Pursuant to actuarial requirements, members contribute 10.6% for employees hired before July 1, 2012, and 7.29% for employees hired after July 1, 2012 with the City contributing 9.92%. Accumulated member contributions are annually credited with interest at 0.26%. Administrative costs of the plan are financed through investment earnings.

Management of the ERS is vested in the City of Jackson Employees' Retirement System Board of Trustees, which consists of nine members, four are elected to four-year terms (with no more than one from any one department), one is a citizen appointed by the City Council, one is a city council member appointed by the City Council and the remaining three are the Mayor, City Manager and City Clerk of the City of Jackson.

Contributions. Members contribute 2.5% of annual compensation or one-half of the actuarially computed contribution if it is greater than 5.0%. The City contributes 2.5% of total compensation as a minimum, plus additional amounts as are necessary to provide assets sufficient for the early retirement window period. Pursuant to actuarial requirements, members contribute 10.6% with the City contributing 12.22%. Accumulated member contributions are annually credited with interest at 0.26%. Administrative costs of the plan are financed through investment earnings.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2016, (rolled forward to June 30, 2017) using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.0% to 7.0%, including inflation
Investment rate of return	7.5%, net of expenses
Mortality rate	RP-2000 Mortality Table

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Discount rate. A single discount rate of 7.50% was used to measure the total pension liability. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2053. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2053, and the municipal bond rate was applied to all benefit payments after that date.

Changes in the net pension liability. The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	\$ 48,275,233	\$ 37,157,946	\$ 11,117,287
Changes for the year:			
Service cost	672,198	-	672,198
Interest	3,513,819	-	3,513,819
Changes in benefits	432,512	-	432,512
Differences between expected and actual experience	(467,503)	-	(467,503)
Employer contributions	-	933,208	(933,208)
Employee contributions	-	730,419	(730,419)
Net investment income	-	4,110,845	(4,110,845)
Benefit payments, including refunds of employee contributions	(3,520,812)	(3,520,812)	-
Administrative expense	-	(226,794)	226,794
Net changes	630,214	2,026,866	(1,396,652)
Balances at June 30, 2017	\$ 48,905,447	\$ 39,184,812	\$ 9,720,635

Sensitivity of the net pension liability to changes in the discount rate. Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease (6.50%)	Current Single Discount Rate (7.50%)	1% Increase (8.50%)
Plan net pension liability	\$ 14,198,628	\$ 9,720,635	\$ 4,639,688

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Pension expense and deferred outflows and inflows of resources related to pensions. For the year ended June 30, 2017, the City recognized pension expense of \$632,558. At June 30, 2017, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,384,581
Changes in assumptions	235,169	1,689,567
Net difference between projected and actual earnings on pension plan investments	235,290	-
Total	\$ 470,459	\$ 3,074,148

Amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	Outflows Amortization	Inflows Amortization
2018	\$ 438,822	\$ 1,212,470
2019	203,653	1,072,541
2020	108,415	736,134
2021	(280,431)	53,003
	<u>\$ 470,459</u>	<u>\$ 3,074,148</u>

Policemen's and Firemen's Pension

Benefits provided. The Policemen's and Firemen's Pension Plan is a contributory defined benefit plan that covers certain uniformed policemen and firemen hired prior to July 1, 1974, and provides for retirement, death, and disability benefits. There are no remaining active plan members. The City contributes such amounts as are necessary to provide assets sufficient to meet the benefits to be paid to plan members. Administrative costs of the Plan are financed through investment earnings.

Management of this plan is vested in a separate board of trustees, which consists of five members, two of which are elected from the plan retirees (or, if none are available or willing to serve as this is a closed plan, from active members of the Act 345 Plan described below) and three are appointed by the City Council.

Contributions. The annual required contribution for the current year was determined as part of a June 30, 2016 actuarial valuation using the entry age method. The actuarial assumptions included a 6.0% rate of return on investments.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2016, (rolled forward to June 30, 2017) using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Not applicable
Salary increases	Not applicable
Investment rate of return	6.0%, net of expenses
Retirement age	Closed plan
Mortality rate	RP-2000 Combined Table

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Discount rate. A single discount rate of 6.0% was used to measure the total pension liability. The single discount rate was based on an expected rate of return on pension plan investments of 6.0%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension liability. The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	\$ 7,866,945	\$ 3,068,267	\$ 4,798,678
Changes for the year:			
Interest	447,644	-	447,644
Differences between expected and actual experience	47,444	-	47,444
Employer contributions	-	565,463	(565,463)
Net investment income	-	482,691	(482,691)
Benefit payments, including refunds of employee contributions	(812,379)	(812,379)	-
Administrative expense	-	(30,765)	30,765
Net changes	(317,291)	205,010	(522,301)
Balances at June 30, 2017	\$ 7,549,654	\$ 3,273,277	\$ 4,276,377

Sensitivity of the net pension liability to changes in the discount rate. Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease (5.0%)	Current Single Discount Rate (6.0%)	1% Increase (7.0%)
Plan net pension liability	\$ 4,861,018	\$ 4,276,377	\$ 3,764,320

Pension expense and deferred outflows of resources related to pensions. For the year ended June 30, 2017, the City recognized pension expense of \$323,766. At June 30, 2017, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 35,551

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	Outflows Amortization
2018	\$ 32,266
2019	32,267
2020	20,684
2021	(49,666)
	<u>\$ 35,551</u>

Policemen's and Firemen's Pension - Act 345

Benefits provided. The Policemen's and Firemen's Pension Plan - Act 345 is a contributory defined benefit plan that covers uniformed policemen and firemen hired subsequent to July 1, 1974, and certain policemen and firemen hired prior to that date who have elected, under the provisions of the plan, to transfer from the City's Policemen's and Firemen's Pension Plan, and provides for retirement, death, and disability benefits. Members contribute 10.95% of annual compensation with the City contributing such additional amounts as are necessary to provide assets sufficient to meet the benefits to be paid to plan members. Accumulated member contributions are annually credited with interest at 2.0%. Administrative costs of the Plan are financed through investment earnings.

Management of this plan is vested in the City of Jackson Act 345 Pension Board, which consists of five members, two are elected to four-year terms (one each from the fire and police departments), two are appointed by the City Council and one is the City Treasurer of the City of Jackson.

Contributions. The annual required contribution for the current year was determined as part of a June 30, 2016 actuarial valuation using the entry age method. The actuarial assumptions included a 6.75% rate of return on investments and a 3.0% cost of living adjustment.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2016, (rolled forward to June 30, 2017) using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.00% to 9.00%
Investment rate of return	6.75%, net of expenses
Mortality rate	RP-2000 Combined Table

Discount rate. A single discount rate of 6.75% was used to measure the total pension liability. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2061. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2061, and the municipal bond rate was applied to all benefit payments after that date.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Changes in the net pension liability. The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	\$ 75,802,522	\$ 35,768,142	\$ 40,034,380
Changes for the year:			
Service cost	893,487	-	893,487
Interest	4,949,452	-	4,949,452
Differences between expected and actual experience	(78,307)	-	(78,307)
Changes in assumptions	(1,212,234)	-	(1,212,234)
Employer contributions	-	4,098,288	(4,098,288)
Employee contributions	-	489,369	(489,369)
Net investment income	-	5,393,796	(5,393,796)
Benefit payments, including refunds of employee contributions	(5,848,163)	(5,848,163)	-
Administrative expense	-	(302,135)	302,135
Net changes	(1,295,765)	3,831,155	(5,126,920)
Balances at June 30, 2017	\$ 74,506,757	\$ 39,599,297	\$ 34,907,460

Sensitivity of the net pension liability to changes in the discount rate. Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease (5.75%)	Current Single Discount Rate (6.75%)	1% Increase (7.75%)
Plan net pension liability	\$ 41,030,791	\$ 34,907,460	\$ 27,732,584

Pension expense and deferred outflows and inflows of resources related to pensions. For the year ended June 30, 2017, the City recognized pension expense of \$2,976,625. At June 30, 2017, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 482,859	\$ 90,605
Changes in assumptions	32,510	1,576,746
Net difference between projected and actual earnings on pension plan investments	586,393	-
Total	\$ 1,101,762	\$ 1,667,351

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	Outflows Amortization	Inflows Amortization
2018	\$ 932,581	\$ 1,196,602
2019	511,975	470,749
2020	263,642	-
2021	(606,436)	-
	<u>\$ 1,101,762</u>	<u>\$ 1,667,351</u>

The plans' policy in regard to the allocation of invested assets is established and may be amended by the respective Board of Trustees. The policy pursues an investment strategy that protects the financial health of the plans and reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Plan assets will be invested in the broad investment categories and asset classes to achieve the allocation targets below. Recognizing that asset returns may vary, causing fluctuations in the relative dollar value levels of assets within classes, the plans may not maintain strict adherence to the targets in the short-term, but may allow the values to fluctuate within these ranges. Over the long-term, the plans will strive to adhere to the given targets as financially practicable and move toward target allocations in a prudent manner consistent with its fiduciary duty. The investment allocation targets for each plan are as follows:

Asset Class	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund
Domestic fixed income	30.00%	35.00%	33.75%
Domestic equity	45.00%	50.00%	48.25%
International equity	20.00%	15.00%	18.00%
Real estate	5.00%	-	-
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

The long-term expected rate of return on pension plan investments (for each plan) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 have not been formally adopted but are closely monitored by the Board of Trustees of each in order to achieve a blended money-weighted real rate of return of 8.0 percent.

18. POSTEMPLOYMENT BENEFITS

The City provides postemployment healthcare benefits to substantially all full-time employees who retire from the City under one of its three pension plans. The extent of the cost of those benefits paid by the City are dependent upon a variety of factors including hire date, retirement date, years of service and bargaining unit. The plan is treated as a single-employer defined benefit healthcare plan administered by the City; the plan utilizes a retirement health funding vehicle trust established with the Municipal Employees Retirement System of Michigan to invest plan assets. The plan was adopted and established by action of the City Council. The plan is reported as an other employee benefit trust fund in the accompanying financial statements. The plan does not issue a separate or stand-alone report.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

The plan's financial statements are prepared using the accrual basis of accounting. Plan contributions are recognized in the period in which the contributions are due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan membership consisted of 209 retirees currently receiving benefits and 160 active members at June 30, 2015, the date of the latest actuarial valuation.

The City has no obligation to make contributions in advance of when the insurance premiums or benefits are due for payment; in other words, the plan may be financed on a pay-as-you-go basis. Administrative costs of the plan are paid for by the City's general fund. Plan participants are not required to contribute to the plan.

Employer Disclosures under GASB Statement 45

For the year ended June 30, 2017, the City estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2015. Such valuation computes the *annual required contribution (ARC)* that represents a level of funding, that if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For fiscal year 2017, the components of the City's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the plan (including *pay-as-you-go* amounts), and changes in the City's net OPEB obligation to the plan are as follows:

Annual required contribution	\$ 3,972,858
Interest on net OPEB obligation	916,640
Adjustment to annual required contribution	<u>(763,867)</u>
Annual OPEB cost	4,125,631
Payment of current costs	<u>(2,629,714)</u>
Increase in net OPEB obligation	1,495,917
Net OPEB obligation, beginning of year	<u>22,916,003</u>
Net OPEB obligation, end of year	<u><u>\$ 24,411,920</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the preceding two years were as follows:

Year Ended	OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/15	\$ 3,829,789	16.0%	\$ 19,707,153
6/30/16	3,811,982	15.8%	22,916,003
6/30/17	4,125,631	63.7%	24,411,920

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

The funded status of the plan as of June 30, 2015, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 55,689,665
Actuarial value of plan assets	784,843
Unfunded actuarial accrued liability (UAAL)	<u>\$ 54,904,822</u>
Funded ratio	1.4%
Covered payroll (active plan members)	\$ 10,131,529
UAAL as a percentage of covered payroll	541.9%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Significant methods and assumptions were as follows:

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry Age Normal
Amortization method	
contributions	Level percent; open for fire
	Level dollar; open for police and general
Remaining amortization period	30 years; open basis
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%, net of investment expenses
Projected salary increases	3.00% - 7.00% for the General group
	3.00% - 9.00% for the Police/Fire group
Healthcare inflation rate	9% in 2014, grading to 3% in 2019
Inflation rate	3.00%

Stand alone reports have not been issued for the plans. Financial statements for the individual pension and employee benefit plans are presented in footnote 21. In addition, GASB Statement 68, 45 and 74 required supplementary information is presented after the footnotes section.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Plan Disclosures under GASB Statement 74

Net OPEB Liability of the City. The components of the net OPEB liability of the City at June 30, 2017, were as follows:

Total OPEB liability	\$ 57,276,014
Plan fiduciary net position	<u>918,149</u>
Net OPEB liability	<u>\$ 56,357,865</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.60%

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00% to 9.00%, including inflation
Investment rate of return	5.00%, net of investment expenses, including inflation
Healthcare cost trend rates	9.00% in 2016, grading to 3.00% in 2031

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the RP-2000 Mortality Table projected to 2017 using scale BB. For disabled retirees, the regular mortality tables are used with a 10-year set forward.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009-2013.

Information regarding investments, allocation, rates of return, and the discount rate are provided in Note 17 as the pension and OPEB plans are components of a single consolidated plan.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the City, calculated using the discount rate of 5.0%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (4.0%) or 1% higher (6.0%) than the current rate:

1% Decrease (4.0%)	Current Discount (5.0%)	1% Increase (6.0%)
\$ 63,709,708	\$ 56,357,865	\$ 50,260,336

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate of 8.25%, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower (7.25%) or 1% higher (9.25%) than the current rate:

1% Decrease (7.25%)	Current Trend Rate (8.25%)	1% Increase (9.25%)
\$ 50,033,051	\$ 56,357,865	\$ 64,079,217

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

19. NET INVESTMENT IN CAPITAL ASSETS

Following is a summary of net investment in capital assets, as presented in the government-wide statement of net position:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 2,395,280	\$ 9,078,426
Capital assets being depreciated, net	<u>80,996,495</u>	<u>55,772,719</u>
	<u>83,391,775</u>	<u>64,851,145</u>
Long-term liabilities:		
Due within one year	3,034,969	39,542
Due in more than one year	44,575,183	276,533
Less unexpended bond proceeds	<u>(7,847,561)</u>	<u>-</u>
	39,762,591	316,075
Less compensated absences	(1,656,989)	(316,075)
Less deferred loss on refunding	<u>(751,208)</u>	<u>-</u>
	<u>37,354,394</u>	<u>-</u>
Net investment in capital assets	<u>\$ 46,037,381</u>	<u>\$ 64,851,145</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

20. FUND BALANCES

Following is a summary of the components of fund balances as of June 30, 2017:

	General	Major Streets	Special Assessments Capital Projects	2017 Michigan Transportation Bonds Construction	Nonmajor Funds	Total
Nonspendable						
Inventories	\$ -	\$ 292,808	\$ -	\$ -	\$ 15,500	\$ 308,308
Prepaid items	49,168	-	-	-	-	49,168
Perpetual care	-	-	-	-	1,915,288	1,915,288
Endowment	-	-	-	-	1,405,792	1,405,792
Advances	50,000	-	-	-	-	50,000
	<u>99,168</u>	<u>292,808</u>	<u>-</u>	<u>-</u>	<u>3,336,580</u>	<u>3,728,556</u>
Restricted						
Highways and streets	-	723,666	-	7,847,561	699,460	9,270,687
Public improvements	-	-	-	-	297,322	297,322
Public safety	-	-	-	-	12,975	12,975
Downtown Development Authority	-	-	-	-	2,215,520	2,215,520
Debt service	-	-	-	-	79,865	79,865
	<u>-</u>	<u>723,666</u>	<u>-</u>	<u>7,847,561</u>	<u>3,305,142</u>	<u>11,876,369</u>
Committed						
Culture and recreation	-	-	-	-	285,964	285,964
Public safety	-	-	-	-	522,103	522,103
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>808,067</u>	<u>808,067</u>
Unassigned (deficit)	<u>7,199,991</u>	<u>-</u>	<u>(791,262)</u>	<u>-</u>	<u>-</u>	<u>6,408,729</u>
Total	<u>\$ 7,299,159</u>	<u>\$ 1,016,474</u>	<u>\$ (791,262)</u>	<u>\$ 7,847,561</u>	<u>\$ 7,449,789</u>	<u>\$22,821,721</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

21. PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

Stand alone financial reports have not been issued for the plans. Required supplementary information is presented after the footnotes section. Financial statements for the individual pension and employee benefit plans are as follows:

Statement of Plan Net Position - June 30, 2017

	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund	Retiree Health Care	Total
Assets					
Pooled cash and investments	\$ 70,539	\$ -	\$ 179,962	\$ 50	\$ 250,551
Investments, at fair value:					
U.S. treasuries	-	196,378	1,577,468	-	1,773,846
U.S. agencies	-	34,867	355,023	-	389,890
Corporate bonds:					
Domestic bonds	-	648,152	9,281,402	-	9,929,554
Domestic mutual funds	10,675,408	-	-	-	10,675,408
Equities:					
Domestic stocks	5,661,650	1,779,077	19,981,082	-	27,421,809
Domestic mutual funds	13,713,430	-	-	-	13,713,430
International stocks	-	498,177	6,856,731	-	7,354,908
International mutual funds	7,941,403	-	-	-	7,941,403
Money market accounts	1,120,787	122,120	1,405,148	918,099	3,566,154
Total cash and investments	39,183,217	3,278,771	39,636,816	918,149	83,016,953
Receivables -					
Interest and dividends	1,595	3,814	55,925	-	61,334
Total assets	39,184,812	3,282,585	39,692,741	918,149	83,078,287
Liabilities					
Refunds payable and other	-	9,308	93,444	-	102,752
Net position restricted for pension and other employee benefits	\$ 39,184,812	\$ 3,273,277	\$ 39,599,297	\$ 918,149	\$ 82,975,535

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Statement of Changes in Plan Net Position - Year Ended June 30, 2017

	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund	Retiree Health Care	Total
Additions					
Contributions:					
Employer	\$ 933,208	\$ 565,463	\$ 4,098,288	\$ 2,629,714	\$ 8,226,673
Plan members	730,419	-	489,369	-	1,219,788
Total contributions	<u>1,663,627</u>	<u>565,463</u>	<u>4,587,657</u>	<u>2,629,714</u>	<u>9,446,461</u>
Investment income:					
Net appreciation in fair value of investments	3,919,257	427,425	4,704,109	112,584	9,163,375
Interest	2,700	14,406	197,040	-	214,146
Dividends	188,888	40,860	492,647	-	722,395
Total investment income	<u>4,110,845</u>	<u>482,691</u>	<u>5,393,796</u>	<u>112,584</u>	<u>10,099,916</u>
Less investment expense	<u>126,442</u>	<u>20,838</u>	<u>246,498</u>	<u>-</u>	<u>393,778</u>
Net investment income	<u>3,984,403</u>	<u>461,853</u>	<u>5,147,298</u>	<u>112,584</u>	<u>9,706,138</u>
Total additions	<u>5,648,030</u>	<u>1,027,316</u>	<u>9,734,955</u>	<u>2,742,298</u>	<u>19,152,599</u>
Deductions					
Benefits	3,520,812	812,379	5,848,163	2,629,714	12,811,068
Administrative expense	100,352	9,927	55,637	2,121	168,037
Total deductions	<u>3,621,164</u>	<u>822,306</u>	<u>5,903,800</u>	<u>2,631,835</u>	<u>12,979,105</u>
Net change in net position	2,026,866	205,010	3,831,155	110,463	6,173,494
Net position -					
Beginning of year	<u>37,157,946</u>	<u>3,068,267</u>	<u>35,768,142</u>	<u>807,686</u>	<u>76,802,041</u>
End of year	<u>\$ 39,184,812</u>	<u>\$ 3,273,277</u>	<u>\$ 39,599,297</u>	<u>\$ 918,149</u>	<u>\$ 82,975,535</u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSON, MICHIGAN

Required Supplementary Information Employees' Retirement System

Schedule of Changes in the City's Net Pension Liability and Related Ratios

	Fiscal Year Ended June 30,			
	2017	2016	2015	2014
Change in total pension liability				
Service cost	\$ 672,198	\$ 867,493	\$ 849,399	\$ 900,232
Interest	3,513,819	3,604,456	3,591,598	3,512,829
Changes of benefit terms	432,512	(1,585,716)	-	-
Differences between expected and actual experience	(467,503)	(1,544,806)	(559,714)	-
Changes of assumptions	-	(2,963,368)	940,674	(610,014)
Benefit payments, including refunds of member contributions	(3,520,812)	(3,362,872)	(3,588,908)	(3,305,997)
Net change in total pension liability	630,214	(4,984,813)	1,233,049	497,050
Total pension liability, beginning	48,275,233	53,260,046	52,026,997	51,529,947
Total pension liability, ending (a)	48,905,447	48,275,233	53,260,046	52,026,997
Change in plan fiduciary net position				
Contributions - employer	933,208	889,235	947,436	986,872
Contributions - employee	730,419	717,167	741,956	786,020
Net investment income	4,110,845	728,453	1,900,424	5,556,344
Benefit payments, including refunds of member contributions	(3,520,812)	(3,362,872)	(3,588,908)	(3,305,997)
Administrative expense	(226,794)	(93,838)	(95,161)	(214,364)
Net change in plan fiduciary net position	2,026,866	(1,121,855)	(94,253)	3,808,875
Plan fiduciary net position, beginning	37,157,946	38,279,801	38,374,054	34,565,179
Plan fiduciary net position, ending (b)	39,184,812	37,157,946	38,279,801	38,374,054
City's net pension liability, ending (a)-(b)	\$ 9,720,635	\$ 11,117,287	\$ 14,980,245	\$ 13,652,943
Plan fiduciary net position as a percentage of the total pension liability	80.12%	76.97%	71.87%	73.76%
Covered payroll	\$ 7,510,596	\$ 7,427,165	\$ 7,837,558	\$ 8,209,105
City's net pension liability as a percentage of covered payroll	129.43%	149.68%	191.13%	166.31%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

CITY OF JACKSON, MICHIGAN

Required Supplementary Information
Police and Fire Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios

	Fiscal Year Ended June 30,			
	2017	2016	2015	2014
Change in total pension liability				
Interest	\$ 447,644	\$ 493,298	\$ 522,860	\$ 541,023
Differences between expected and actual experience	47,444	(163,757)	-	-
Changes of assumptions	-	227,357	142,043	-
Benefit payments, including refunds of member contributions	(812,379)	(814,750)	(845,636)	(921,176)
Net change in total pension liability	(317,291)	(257,852)	(180,733)	(380,153)
Total pension liability, beginning	7,866,945	8,124,797	8,305,530	8,685,683
Total pension liability, ending (a)	7,549,654	7,866,945	8,124,797	8,305,530
Change in plan fiduciary net position				
Contributions - employer	565,463	604,690	607,009	606,096
Net investment income (loss)	482,691	(193,908)	120,095	659,708
Benefit payments, including refunds of member contributions	(812,379)	(814,750)	(845,636)	(921,176)
Administrative expense	(30,765)	-	-	(35,868)
Net change in plan fiduciary net position	205,010	(403,968)	(118,532)	308,760
Plan fiduciary net position, beginning	3,068,267	3,472,235	3,590,767	3,282,007
Plan fiduciary net position, ending (b)	3,273,277	3,068,267	3,472,235	3,590,767
City's net pension liability, ending (a)-(b)	\$ 4,276,377	\$ 4,798,678	\$ 4,652,562	\$ 4,714,763
Plan fiduciary net position as a percentage of the total pension liability	43.36%	39.00%	42.74%	43.23%
Covered payroll	N/A	N/A	N/A	N/A
City's net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

CITY OF JACKSON, MICHIGAN

Required Supplementary Information

Police and Fire - Act 345 Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios

	Fiscal Year Ended June 30,			
	2017	2016	2015	2014
Change in total pension liability				
Service cost	\$ 893,487	\$ 1,008,965	\$ 965,176	\$ 987,637
Interest	4,949,452	4,859,213	4,990,906	4,928,088
Differences between expected and actual experience	(78,307)	1,353,815	(962,506)	-
Changes of assumptions	(1,212,234)	1,326,844	791,987	(244,312)
Benefit payments, including refunds of member contributions	(5,848,163)	(5,345,160)	(5,799,429)	(4,735,567)
Net change in total pension liability	<u>(1,295,765)</u>	<u>3,203,677</u>	<u>(13,866)</u>	<u>935,846</u>
Total pension liability, beginning	<u>75,802,522</u>	<u>72,598,845</u>	<u>72,612,711</u>	<u>71,676,865</u>
Total pension liability, ending (a)	<u>74,506,757</u>	<u>75,802,522</u>	<u>72,598,845</u>	<u>72,612,711</u>
Change in plan fiduciary net position				
Contributions - employer	4,098,288	3,709,507	3,534,236	3,012,344
Contributions - employee	489,369	478,630	517,062	542,751
Net investment income (loss)	5,393,796	(2,123,241)	1,268,531	6,607,787
Benefit payments, including refunds of member contributions	(5,848,163)	(5,345,160)	(5,799,429)	(4,735,567)
Administrative expense	(302,135)	-	-	-
Net change in plan fiduciary net position	<u>3,831,155</u>	<u>(3,280,264)</u>	<u>(479,600)</u>	<u>5,427,315</u>
Plan fiduciary net position, beginning	<u>35,768,142</u>	<u>39,048,406</u>	<u>39,528,006</u>	<u>34,100,691</u>
Plan fiduciary net position, ending (b)	<u>39,599,297</u>	<u>35,768,142</u>	<u>39,048,406</u>	<u>39,528,006</u>
City's net pension liability, ending (a)-(b)	<u>\$34,907,460</u>	<u>\$40,034,380</u>	<u>\$33,550,439</u>	<u>\$33,084,705</u>
Plan fiduciary net position as a percentage of the total pension liability	53.15%	47.19%	53.79%	54.44%
Covered payroll	\$ 4,622,259	\$ 4,782,487	\$ 5,148,271	\$ 5,124,768
City's net pension liability as a percentage of covered payroll	755.20%	837.10%	651.68%	645.58%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

CITY OF JACKSON, MICHIGAN

Required Supplementary Information

Schedule of the Net Pension Liability

Fiscal Year Ended June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as Percentage of Covered Payroll
Employees' Retirement System (ERS)						
2017	\$ 48,905,447	\$ 39,184,812	\$ 9,720,635	80.12%	\$ 7,510,596	129.43%
2016	48,275,233	37,157,946	11,117,287	76.97%	7,427,165	149.68%
2015	53,260,046	38,279,801	14,980,245	71.87%	7,837,558	191.13%
2014	52,026,997	38,374,054	13,652,943	73.76%	8,209,105	166.31%
Policemen's and Firemen's Pension (PFP)						
2017	\$ 7,549,654	\$ 3,273,277	\$ 4,276,377	43.36%	N/A	N/A
2016	7,866,945	3,068,267	4,798,678	39.00%	N/A	N/A
2015	8,124,797	3,472,235	4,652,562	42.74%	N/A	N/A
2014	8,305,530	3,590,767	4,714,763	43.23%	N/A	N/A
Policemen's and Firemen's Pension - Act 345 (Act 345)						
2017	\$ 74,506,757	\$ 39,599,297	\$ 34,907,460	53.15%	\$ 4,622,259	755.20%
2016	75,802,522	35,768,142	40,034,380	47.19%	4,782,487	837.10%
2015	72,598,845	39,048,406	33,550,439	53.79%	5,148,271	651.68%
2014	72,612,711	39,528,006	33,084,705	54.44%	5,124,768	645.58%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

CITY OF JACKSON, MICHIGAN

Required Supplementary Information

Schedule of Contributions

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Employees' Retirement System (ERS)					
6/30/2017	\$ 933,208	\$ 933,208	\$ -	\$ 7,510,596	12.43%
6/30/2016	889,235	889,235	-	7,427,165	11.97%
6/30/2015	947,436	947,436	-	7,837,558	12.09%
6/30/2014	986,872	986,872	-	8,209,105	12.02%
Policemen's and Firemen's Pension (PFP)					
6/30/2017	\$ 565,463	\$ 565,463	\$ -	N/A	N/A
6/30/2016	604,690	604,690	-	N/A	N/A
6/30/2015	607,009	607,009	-	N/A	N/A
6/30/2014	606,096	606,096	-	N/A	N/A
Policemen's and Firemen's Pension - Act 345 (Act 345)					
6/30/2017	\$ 4,098,288	\$ 4,098,288	\$ -	\$ 4,622,259	88.66%
6/30/2016	3,709,507	3,709,507	-	4,782,487	77.56%
6/30/2015	3,534,236	3,534,236	-	5,148,271	68.65%
6/30/2014	3,012,344	3,012,344	-	5,124,768	58.78%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

Notes to Schedule of Contributions

Valuation date: June 30, 2016 (and rolled forward to June 30, 2017, the measurement date)
 Notes: Actuarially determined contribution rates are calculated as of June 30 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed (level dollar PFP)
Remaining amortization period	29 years (11 years PFP; 14 years Act 345)
Asset valuation method	4-year smoothed market
Inflation	3.00% ERS; N/A PFP; 3.00% Act 345
Salary increases	3.00% to 7.00% ERS, N/A PFP, 3.00% to 9.00% Act 314, including inflation
Investment rate of return	7.50% ERS; 6.00% PFP; 6.75% Act 345, net of pension plan investment expense, including inflation
Mortality rates	RP-2000 combined Mortality Table projected to 2017 with scale BB

CITY OF JACKSON, MICHIGAN

Required Supplementary Information

Schedule of Investment Returns

Fiscal Year Ended	Annual Money-Weighted Rate of Return, Net of Investment Expense
Employees' Retirement System	
6/30/2017	11.64%
6/30/2016	2.59%
6/30/2015	5.85%
6/30/2014	16.60%
Policemen's and Firemen's Pension	
6/30/2017	15.62%
6/30/2016	-5.00%
6/30/2015	3.71%
6/30/2014	20.30%
Policemen's and Firemen's Pension - Act 345	
6/30/2017	14.73%
6/30/2016	-5.17%
6/30/2015	3.58%
6/30/2014	19.88%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

CITY OF JACKSON, MICHIGAN

Required Supplementary Information - GASB Statement 45
Other Postemployment Benefits Plan

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/11	\$ 561,390	\$ 59,681,463	\$ 59,120,073	0.9%	\$ 12,795,432	462.0%
6/30/13	658,853	48,888,510	48,229,657	1.3%	12,653,896	381.1%
6/30/15	784,843	55,689,665	54,904,822	1.4%	10,131,529	541.9%

Schedule of Employer Contributions

Year Ended	Annual Required Contributions	Annual Actual Contribution	Percentage Contributed
6/30/15	\$ 3,793,860	\$ 613,169	16.2%
6/30/16	3,769,046	603,132	16.0%
6/30/17	3,972,858	2,629,714	66.2%

CITY OF JACKSON, MICHIGAN

Required Supplementary Information - GASB Statement 74

Other Postemployment Benefits Plan Schedule of Investment Returns

Fiscal Year Ended June 30,	Annual Money-Weighted Rate of Return, Net of Investment Expense
2017	5.00%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CITY OF JACKSON, MICHIGAN

Required Supplementary Information - GASB Statement 74
Other Postemployment Benefits Plan
Schedule of Changes in the City's Net OPEB Liability and Related Ratios

	2017
Change in total pension liability	
Service cost	\$ 665,665
Interest	2,774,192
Benefit payments, including refunds of member contributions	<u>(2,629,714)</u>
Net change in total pension liability	810,143
Total pension liability, beginning	<u>56,465,871</u>
Total pension liability, ending (a)	<u>57,276,014</u>
Change in plan fiduciary net position	
Contributions - employer	2,629,714
Net investment income	112,584
Benefit payments, including refunds of member contributions	<u>(2,629,714)</u>
Administrative expense	<u>(2,121)</u>
Net change in plan fiduciary net position	110,463
Plan fiduciary net position, beginning	<u>807,686</u>
Plan fiduciary net position, ending (b)	<u>918,149</u>
City's net pension liability, ending (a)-(b)	<u><u>\$ 56,357,865</u></u>
Plan fiduciary net position as a percentage of the total pension liability	1.60%
Covered payroll	\$ 10,131,529
City's net pension liability as a percentage of covered payroll	556.26%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CITY OF JACKSON, MICHIGAN

Required Supplementary Information - GASB Statement 74

Other Postemployment Benefits Plan
Schedule of City Contributions

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 3,972,858	\$ 2,629,714	\$ 1,343,144	\$ 10,131,529	26.0%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

Notes to Schedule of Contributions

Valuation date	June 30, 2015
Notes	Actuarially determined contribution rates are calculated as of June 30 of odd numbered years, which is 24 months prior to the beginning of the fiscal year biennium in which contributions are reported.
Other information	There were no benefit changes during the year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent; open for fire Level dollar; open for police and general
Remaining amortization period	30 years; open basis
Asset valuation method	Market value
Healthcare cost trend rates	9% in 2014, grading to 3% in 2019
Inflation rate	3.00%
Salary increases	3.00% - 9.00%, including inflation
Investment rate of return	5.00%, net of investment expenses, including inflation
Mortality rates	RP-2000 Mortality Table projected to 2017 using scale BB. For disabled retirees, the regular mortality tables are used with a 10-year set forward.

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**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2017

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Assets					
Pooled cash and investments	\$ 2,097,187	\$ 13,243	\$ 2,441,020	\$ 3,300,835	\$ 7,852,285
Accounts receivable, net	135,870	-	-	-	135,870
Loans receivables	55,125	-	-	-	55,125
Other receivable	-	-	-	9,537	9,537
Due from other governments	437,579	-	-	-	437,579
Due from other funds	421	67,340	-	10,708	78,469
Inventories	15,500	-	-	-	15,500
Long-term advance to other funds	-	-	-	30,000	30,000
Total assets	\$ 2,741,682	\$ 80,583	\$ 2,441,020	\$ 3,351,080	\$ 8,614,365
Liabilities					
Accounts payable	\$ 284,860	\$ -	\$ 180,145	\$ -	\$ 465,005
Accrued payroll	78,474	-	-	-	78,474
Due to other funds	274,327	-	-	-	274,327
Unearned revenue	195,572	718	45,355	-	241,645
Long-term advance from other funds	50,000	-	-	-	50,000
Total liabilities	883,233	718	225,500	-	1,109,451
Deferred inflows of resources					
Unavailable revenue - loans receivable	55,125	-	-	-	55,125
Fund balances					
Nonspendable	15,500	-	-	3,321,080	3,336,580
Restricted	1,009,757	79,865	2,215,520	-	3,305,142
Committed	778,067	-	-	30,000	808,067
Total fund balances	1,803,324	79,865	2,215,520	3,351,080	7,449,789
Total liabilities, deferred inflows of resources and fund balances	\$ 2,741,682	\$ 80,583	\$ 2,441,020	\$ 3,351,080	\$ 8,614,365

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2017

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Revenues					
Property taxes	\$ 1,097,818	\$ 719,550	\$ 1,081,437	\$ -	\$ 2,898,805
Intergovernmental	3,209,277	1,120,307	-	-	4,329,584
Charges for services	2,871,198	52,181	-	34,053	2,957,432
Donations	-	-	-	296,103	296,103
Investment income	123,969	547	8,737	284	133,537
Miscellaneous	288,078	-	1,754,023	-	2,042,101
Total revenues	7,590,340	1,892,585	2,844,197	330,440	12,657,562
Expenditures					
Current:					
Public safety	3,069,147	-	-	-	3,069,147
Public works	1,702,683	-	-	-	1,702,683
Culture and recreation	1,551,710	-	-	-	1,551,710
Community enrichment and development	2,285,585	-	829,622	9,434	3,124,641
Debt service:					
Principal retirement	51,932	1,928,414	-	-	1,980,346
Interest, fiscal charges and bond issuance costs	12,504	2,374,532	-	-	2,387,036
Total expenditures	8,673,561	4,302,946	829,622	9,434	13,815,563
Revenues over (under) expenditures	(1,083,221)	(2,410,361)	2,014,575	321,006	(1,158,001)
Other financing sources (uses)					
Issuance of debt	-	9,080,000	-	-	9,080,000
Payment to refunding bond escrow agent	-	(8,995,000)	-	-	(8,995,000)
Transfers in	2,708,508	2,343,758	421,465	-	5,473,731
Transfers out	(1,737,806)	-	(2,242,443)	(41,638)	(4,021,887)
Total other financing sources (uses)	970,702	2,428,758	(1,820,978)	(41,638)	1,536,844
Net change in fund balances	(112,519)	18,397	193,597	279,368	378,843
Fund balances, beginning of year	1,915,843	61,468	2,021,923	3,071,712	7,070,946
Fund balances, end of year	\$ 1,803,324	\$ 79,865	\$ 2,215,520	\$ 3,351,080	\$ 7,449,789

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CITY OF JACKSON, MICHIGAN

Nonmajor Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Local Street Fund - This fund is used to control the expenditure of motor fuel taxes which are earmarked by law for local street and highway purposes.

Ella W. Sharp Park Operating Fund - This fund is used to record the revenues and expenditures related to operating the Ella W. Sharp Golf Course and Ella W. Sharp Park.

Public Improvement Fund - This fund was established to account for tax revenue set aside for municipal public improvements.

Building Department Fund - This fund accounts for the revenues and expenditures for the Inspection Department Activity in accordance with the State Construction Code Act of 1999.

Building Demolitions Fund - This fund was established to account for revenues earmarked for building demolition expenditures that are not otherwise funded with Brownfield Redevelopment or Community Development Block Grant funds.

Drug Law Enforcement Fund - This fund is used to account for the proceeds from the sale of seized property which has been used in association with controlled substances.

LAWNET Grant Fund - This fund is used to account for activity relating to LAWNET Project Grants entered into with the City of Ypsilanti through the Office of Criminal Justice for the purpose of expanding the drug effort and impacting drug trafficking in the Jackson-Washtenaw-Livingston County Region.

Recreation Activity Fund - This fund is used to account for the expenditure of certain revenues generated from recreation fee programs.

Community Development Block Grant Fund - This fund accounts for grants under the Housing and Community Development Act of 1974, as amended. The Act provides for a series of grants over a period of years to be used for various community development activities.

Community Development Home Grant Fund - This fund is used to account for federal grants created by the National Affordable Housing Act of 1990.

Housing Code Enforcement Fund - This fund is used to account for revenues earmarked for housing code enforcement activities.

Byrne/JAG Program Grants Fund - This fund is used to account for the activity of a federal grant relating to drug enforcement.

Recreation Millage Fund - This fund is used to account for certain property taxes collected by Jackson Public Schools and donated to the City for certain recreation purposes.

Blight Elimination Fund - This fund was established to account for revenues and expenditures earmarked for building demolition expenditures for designated blight areas within the City.

SAFER Grant Fund - This fund is used to account for the activity of a federal grant relating to fire staffing.

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2017

	Local Street	Ella W. Sharp Park Operating	Public Improvement	Building Department	Building Demolitions
Assets					
Pooled cash and investments	\$ 504,428	\$ 60,967	\$ 238,906	\$ 312,647	\$ 168,867
Accounts receivables, net	-	1,066	-	1,480	42,660
Loans receivable	-	-	-	-	-
Due from other governments	206,729	-	-	-	-
Due from other funds	-	-	-	-	-
Inventories	-	15,500	-	-	-
Total assets	\$ 711,157	\$ 77,533	\$ 238,906	\$ 314,127	\$ 211,527
Liabilities					
Accounts payable	\$ 6,370	\$ 25,341	\$ -	\$ 4,854	\$ 330
Accrued payroll	5,327	16,297	-	8,991	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	1,178	-	-
Long-term advance from other funds	-	-	-	-	-
Total liabilities	11,697	41,638	1,178	13,845	330
Deferred inflows of resources					
Unavailable revenue - loans receivable	-	-	-	-	-
Fund balances					
Nonspendable for -					
Inventories	-	15,500	-	-	-
Restricted for:					
Highways and streets	699,460	-	-	-	-
Public improvements	-	-	237,728	-	-
Public safety	-	-	-	-	-
Committed for:					
Culture and recreation	-	20,395	-	-	-
Public safety	-	-	-	300,282	211,197
Total fund balances	699,460	35,895	237,728	300,282	211,197
Total liabilities, deferred inflows of resources and fund balances	\$ 711,157	\$ 77,533	\$ 238,906	\$ 314,127	\$ 211,527

Drug Law Enforcement	LAWNET Grant	Recreation Activity	Community Development Block Grant	Community Development Home Grant	Housing Code Enforcement	Byrne / JAG Program Grants
\$ 12,975	\$ -	\$ 243,508	\$ 401,207	\$ 63,877	\$ -	\$ -
-	-	-	371	-	86,227	4,066
-	-	-	55,125	-	-	-
-	-	-	-	-	-	-
-	-	-	421	-	-	-
-	-	-	-	-	-	-
<u>\$ 12,975</u>	<u>\$ -</u>	<u>\$ 243,508</u>	<u>\$ 457,124</u>	<u>\$ 63,877</u>	<u>\$ 86,227</u>	<u>\$ 4,066</u>
\$ -	\$ -	\$ 3,262	\$ 214,487	\$ 450	\$ 5,281	\$ -
-	-	4,677	6,545	-	15,219	-
-	-	-	-	-	55,103	4,066
-	-	-	130,967	63,427	-	-
-	-	-	50,000	-	-	-
-	-	7,939	401,999	63,877	75,603	4,066
-	-	-	55,125	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12,975	-	-	-	-	-	-
-	-	235,569	-	-	-	-
-	-	-	-	-	10,624	-
12,975	-	235,569	-	-	10,624	-
<u>\$ 12,975</u>	<u>\$ -</u>	<u>\$ 243,508</u>	<u>\$ 457,124</u>	<u>\$ 63,877</u>	<u>\$ 86,227</u>	<u>\$ 4,066</u>

continued...

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2017

	Recreation Millage	Blight Elimination	SAFER Grant	Totals
Assets				
Pooled cash and investments	\$ 89,805	\$ -	\$ -	\$ 2,097,187
Accounts receivables, net	-	-	-	135,870
Loans receivable	-	-	-	55,125
Due from other governments	-	155,763	75,087	437,579
Due from other funds	-	-	-	421
Inventories	-	-	-	15,500
Total assets	<u>\$ 89,805</u>	<u>\$ 155,763</u>	<u>\$ 75,087</u>	<u>\$ 2,741,682</u>
Liabilities				
Accounts payable	\$ 8,801	\$ 15,684	\$ -	\$ 284,860
Accrued payroll	21,410	8	-	78,474
Due to other funds	-	140,071	75,087	274,327
Unearned revenue	-	-	-	195,572
Long-term advances from other funds	-	-	-	50,000
Total liabilities	<u>30,211</u>	<u>155,763</u>	<u>75,087</u>	<u>883,233</u>
Deferred inflows of resources				
Unavailable revenue - loans receivable	-	-	-	55,125
Fund balances				
Nonspendable for -				
Inventories	-	-	-	15,500
Restricted for:				
Highways and streets	-	-	-	699,460
Public improvements	59,594	-	-	297,322
Public safety	-	-	-	12,975
Committed for:				
Culture and recreation	-	-	-	255,964
Public safety	-	-	-	522,103
Total fund balances	<u>59,594</u>	<u>-</u>	<u>-</u>	<u>1,803,324</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 89,805</u>	<u>\$ 155,763</u>	<u>\$ 75,087</u>	<u>\$ 2,741,682</u>

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CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended June 30, 2017

	Local Street	Ella W. Sharp Park Operating	Public Improvement	Building Department	Building Demolitions
Revenues					
Property taxes	\$ -	\$ -	\$ 1,097,818	\$ -	\$ -
Intergovernmental	724,939	-	-	-	-
Charges for services	-	554,364	-	712,920	189,325
Investment income	682	25	2,880	3,333	104,687
Miscellaneous	-	27,853	-	-	-
Total revenues	725,621	582,242	1,100,698	716,253	294,012
Expenditures					
Current:					
Public safety	-	-	-	454,884	610,816
Public works	1,702,683	-	-	-	-
Culture and recreation	-	782,275	-	-	-
Community enrichment and development	-	-	96,545	-	-
Debt service:					
Principal retirement	-	-	51,932	-	-
Interest	-	-	12,504	-	-
Total expenditures	1,702,683	782,275	160,981	454,884	610,816
Revenues over (under) expenditures	(977,062)	(200,033)	939,717	261,369	(316,804)
Other financing sources (uses)					
Transfers in	1,012,777	222,956	-	-	770,000
Transfers out	-	-	(1,035,031)	-	(701,410)
Total other financing sources (uses)	1,012,777	222,956	(1,035,031)	-	68,590
Net change in fund balances	35,715	22,923	(95,314)	261,369	(248,214)
Fund balances, beginning of year	663,745	12,972	333,042	38,913	459,411
Fund balances, end of year	\$ 699,460	\$ 35,895	\$ 237,728	\$ 300,282	\$ 211,197

Drug Law Enforcement	LAWNET Grant	Recreation Activity	Community Development Block Grant	Community Development Home Grant	Housing Code Enforcement	Byrne / JAG Program Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	1,162,437	174,102	-	37,795
-	-	257,161	-	-	576,030	-
37	-	677	-	-	11,613	-
16,620	-	-	132,622	35,171	58,026	-
<u>16,657</u>	<u>-</u>	<u>257,838</u>	<u>1,295,059</u>	<u>209,273</u>	<u>645,669</u>	<u>37,795</u>
22,856	-	-	113,596	-	-	37,795
-	-	-	-	-	-	-
-	-	215,263	-	-	-	-
-	-	-	1,181,463	209,273	798,304	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>22,856</u>	<u>-</u>	<u>215,263</u>	<u>1,295,059</u>	<u>209,273</u>	<u>798,304</u>	<u>37,795</u>
<u>(6,199)</u>	<u>-</u>	<u>42,575</u>	<u>-</u>	<u>-</u>	<u>(152,635)</u>	<u>-</u>
1,365	-	-	-	-	-	-
-	(1,365)	-	-	-	-	-
<u>1,365</u>	<u>(1,365)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(4,834)	(1,365)	42,575	-	-	(152,635)	-
17,809	1,365	192,994	-	-	163,259	-
<u>\$ 12,975</u>	<u>\$ -</u>	<u>\$ 235,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,624</u>	<u>\$ -</u>

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CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended June 30, 2017

	Recreation Millage	Blight Elimination	SAFER Grant	Totals
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ 1,097,818
Intergovernmental	-	843,890	266,114	3,209,277
Charges for services	581,398	-	-	2,871,198
Investment income	35	-	-	123,969
Miscellaneous	-	17,786	-	288,078
Total revenues	581,433	861,676	266,114	7,590,340
Expenditures				
Current:				
Public safety	-	1,563,086	266,114	3,069,147
Public works	-	-	-	1,702,683
Culture and recreation	554,172	-	-	1,551,710
Community enrichment and development	-	-	-	2,285,585
Debt service:				
Principal retirement	-	-	-	51,932
Interest	-	-	-	12,504
Total expenditures	554,172	1,563,086	266,114	8,673,561
Revenues over (under) expenditures	27,261	(701,410)	-	(1,083,221)
Other financing sources (uses)				
Transfers in	-	701,410	-	2,708,508
Transfers out	-	-	-	(1,737,806)
Total other financing sources (uses)	-	701,410	-	970,702
Net change in fund balances	27,261	-	-	(112,519)
Fund balances, beginning of year	32,333	-	-	1,915,843
Fund balances, end of year	\$ 59,594	\$ -	\$ -	\$ 1,803,324

concluded.

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual

Local Street Special Revenue Fund

For the Fiscal Year Ended June 30, 2017

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 640,000	\$ 724,939	\$ 84,939	\$ 630,297
Investment income	300	682	382	726
Total revenues	640,300	725,621	85,321	631,023
Expenditures				
Current - public works:				
Street construction	1,438,833	1,340,673	(98,160)	2,389,105
Street maintenance	596,075	473,401	(122,674)	366,083
Traffic services	2,000	-	(2,000)	485
Winter maintenance	114,000	86,719	(27,281)	69,603
Reimbursements	(198,110)	(198,110)	-	(490,601)
Total expenditures	1,952,798	1,702,683	(250,115)	2,334,675
Revenues under expenditures	(1,312,498)	(977,062)	335,436	(1,703,652)
Other financing sources				
Transfers in	1,002,848	1,012,777	9,929	1,432,133
Net change in fund balance	(309,650)	35,715	345,365	(271,519)
Fund balance, beginning of year	663,745	663,745	-	935,264
Fund balance, end of year	\$ 354,095	\$ 699,460	\$ 345,365	\$ 663,745

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual

Ella W. Sharp Park Special Revenue Operating Fund

For the Fiscal Year Ended June 30, 2017

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 579,950	\$ 554,364	\$ (25,586)	\$ 545,417
Investment income	100	25	(75)	63
Miscellaneous	27,854	27,853	(1)	-
Total revenues	607,904	582,242	(25,662)	545,480
Expenditures				
Current - culture and recreation:				
Personal services	321,249	321,232	(17)	305,617
Materials and supplies	184,450	193,345	8,895	189,160
Contractual and other services	277,271	267,698	(9,573)	234,664
Total expenditures	782,970	782,275	(695)	729,441
Revenues under expenditures	(175,066)	(200,033)	(24,967)	(183,961)
Other financing sources				
Transfers in	186,515	222,956	36,441	172,415
Net change in fund balance	11,449	22,923	11,474	(11,546)
Fund balance, beginning of year	12,972	12,972	-	24,518
Fund balance, end of year	\$ 24,421	\$ 35,895	\$ 11,474	\$ 12,972

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual
 Public Improvement Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Property taxes	\$ 1,094,513	\$ 1,097,818	\$ 3,305	\$ 1,079,014
Investment income	3,000	2,880	(120)	2,461
Total revenues	1,097,513	1,100,698	3,185	1,081,475
Expenditures				
Current - community enrichment and development	268,609	96,545	(172,064)	557,587
Debt service:				
Principal retirement	51,932	51,932	-	60,000
Interest	12,504	12,504	-	-
Total expenditures	333,045	160,981	(172,064)	617,587
Revenues over expenditures	764,468	939,717	175,249	463,888
Other financing sources (uses)				
Proceeds from issuance of long-term debt	-	-	-	459,493
Transfers out	(978,813)	(1,035,031)	56,218	(974,449)
Other financing sources (uses)	(978,813)	(1,035,031)	56,218	(514,956)
Net change in fund balance	(214,345)	(95,314)	119,031	(51,068)
Fund balance, beginning of year	333,042	333,042	-	384,110
Fund balance, end of year	\$ 118,697	\$ 237,728	\$ 119,031	\$ 333,042

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual
 Building Department Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 527,100	\$ 712,920	\$ 185,820	\$ 516,615
Investment income	3,500	3,333	(167)	3,406
Total revenues	530,600	716,253	185,653	520,021
Expenditures				
Current - public safety:				
Personal services	407,933	389,818	(18,115)	425,623
Materials and supplies	8,000	8,428	428	9,373
Contractual and other services	76,878	56,638	(20,240)	97,973
Total expenditures	492,811	454,884	(37,927)	532,969
Net change in fund balance	37,789	261,369	223,580	(12,948)
Fund balance, beginning of year	38,913	38,913	-	51,861
Fund balance, end of year	\$ 76,702	\$ 300,282	\$ 223,580	\$ 38,913

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual
 Building Demolitions Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 125,000	\$ 189,325	\$ 64,325	\$ 360,234
Investment income	115,000	104,687	(10,313)	162,412
Total revenues	240,000	294,012	54,012	522,646
Expenditures				
Current - public safety - Contractual and other services	662,622	610,816	(51,806)	1,532,766
Revenues under expenditures	(422,622)	(316,804)	105,818	(1,010,120)
Other financing sources (uses)				
Transfers in	770,000	770,000	-	525,000
Transfers out	(806,125)	(701,410)	(104,715)	(680,000)
Total other financing sources (uses)	(36,125)	68,590	(104,715)	(155,000)
Net change in fund balance	(458,747)	(248,214)	210,533	(1,165,120)
Fund balance, beginning of year	459,411	459,411	-	1,624,531
Fund balance, end of year	\$ 664	\$ 211,197	\$ 210,533	\$ 459,411

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual
 Drug Law Enforcement Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Investment income	\$ 60	\$ 37	\$ (23)	\$ 39
Miscellaneous:				
Sale of property	2,500	150	(2,350)	547
Other	11,575	16,470	4,895	14,977
Total revenues	14,135	16,657	2,522	15,563
Expenditures				
Current - public safety:				
Personal services	18,042	16,169	(1,873)	12,042
Materials and supplies	1,200	1,184	(16)	-
Contractual and other services	5,352	5,503	151	461
Total expenditures	24,594	22,856	(1,738)	12,503
Revenues over (under) expenditures	(10,459)	(6,199)	4,260	3,060
Other financing sources				
Transfers in	-	1,365	1,365	-
Net change in fund balance	(10,459)	(4,834)	5,625	3,060
Fund balance, beginning of year	17,809	17,809	-	14,749
Fund balance, end of year	\$ 7,350	\$ 12,975	\$ 5,625	\$ 17,809

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual
 LAWNET Grant Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ 214
Other financing uses				
Transfers out	-	(1,365)	1,365	-
Net change in fund balance	-	(1,365)	1,365	214
Fund balance, beginning of year	1,365	1,365	-	1,151
Fund balance, end of year	\$ 1,365	\$ -	\$ (1,365)	\$ 1,365

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual
 Recreation Activity Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 260,200	\$ 257,161	\$ (3,039)	\$ 275,919
Investment income	250	677	427	379
Total revenues	<u>260,450</u>	<u>257,838</u>	<u>(2,612)</u>	<u>276,298</u>
Expenditures				
Current - culture and recreation:				
Personal services	89,539	61,960	(27,579)	92,287
Materials and supplies	60,100	47,791	(12,309)	59,335
Contractual and other services	85,500	105,512	20,012	83,619
Total expenditures	<u>235,139</u>	<u>215,263</u>	<u>(19,876)</u>	<u>235,241</u>
Net change in fund balance	25,311	42,575	17,264	41,057
Fund balance, beginning of year	192,994	192,994	-	151,937
Fund balance, end of year	<u>\$ 218,305</u>	<u>\$ 235,569</u>	<u>\$ 17,264</u>	<u>\$ 192,994</u>

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual
 Community Development Block Grant Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 2,722,599	\$ 1,162,437	\$ (1,560,162)	\$ 863,598
Miscellaneous	125,000	132,622	7,622	229,923
Total revenues	2,847,599	1,295,059	(1,552,540)	1,093,521
Expenditures				
Current:				
Public safety -				
Code enforcement	255,305	113,596	(141,709)	128,984
Community enrichment and development:				
Rehabilitation	1,251,695	325,550	(926,145)	127,779
Rehabilitation loans	6,434	800	(5,634)	-
Public services	-	-	-	49,727
Administration	217,340	66,824	(150,516)	109,679
Culture and recreation	110,018	20,756	(89,262)	-
Street construction	328,672	315,824	(12,848)	568,248
Public facility demolition	678,135	451,709	(226,426)	175,784
Total expenditures	2,847,599	1,295,059	(1,552,540)	1,160,201
Net change in fund balance	-	-	-	(66,680)
Fund balance, beginning of year	-	-	-	66,680
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual
 Community Development Home Grant Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 441,740	\$ 174,102	\$ (267,638)	\$ 281,839
Miscellaneous	-	35,171	35,171	20,766
Total revenues	441,740	209,273	(232,467)	302,605
Expenditures				
Current - community enrichment and development:				
Rehabilitation assistance	188,348	450	(187,898)	130,363
Community housing development organizations	253,392	208,823	(44,569)	172,242
Total expenditures	441,740	209,273	(232,467)	302,605
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual
 Housing Code Enforcement Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 555,000	\$ 576,030	\$ 21,030	\$ 843,838
Investment income	10,000	11,613	1,613	6,790
Miscellaneous	45,000	58,026	13,026	25,371
Total revenues	610,000	645,669	35,669	875,999
Expenditures				
Current -				
Community enrichment and development	815,789	798,304	(17,485)	770,255
Revenues over (under) expenditures	(205,789)	(152,635)	53,154	105,744
Other financing sources				
Transfers in	43,000	-	(43,000)	-
Net change in fund balance	(162,789)	(152,635)	10,154	105,744
Fund balance, beginning of year	163,259	163,259	-	57,515
Fund balance, end of year	\$ 470	\$ 10,624	\$ 10,154	\$ 163,259

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual
 Byrne / JAG Programs Grant Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 37,795	\$ 37,795	\$ -	\$ 24,307
Expenditures				
Current - public safety -				
Contractual and other services	37,795	37,795	-	24,307
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual
 Recreation Millage Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 575,000	\$ 581,398	\$ 6,398	\$ 574,597
Investment income	-	35	35	81
Total revenues	<u>575,000</u>	<u>581,433</u>	<u>6,433</u>	<u>574,678</u>
Expenditures				
Current - culture and recreation:				
Personal services	390,990	383,883	(7,107)	345,665
Materials and supplies	153,000	144,780	(8,220)	174,801
Contractual and other services	30,700	25,509	(5,191)	22,028
Total expenditures	<u>574,690</u>	<u>554,172</u>	<u>(20,518)</u>	<u>542,494</u>
Net change in fund balance	310	27,261	26,951	32,184
Fund balance, beginning of year	<u>32,333</u>	<u>32,333</u>	-	<u>149</u>
Fund balance, end of year	<u>\$ 32,643</u>	<u>\$ 59,594</u>	<u>\$ 26,951</u>	<u>\$ 32,333</u>

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual
 Blight Elimination Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental revenue	\$ 843,890	\$ 843,890	\$ -	\$ 3,140,000
Miscellaneous	17,786	17,786	-	-
Total revenues	861,676	861,676	-	3,140,000
Expenditures				
Current - public safety - Contractual and other services	1,667,801	1,563,086	(104,715)	3,820,000
Revenues under expenditures	(806,125)	(701,410)	104,715	(680,000)
Other financing sources				
Transfers in	806,125	701,410	(104,715)	680,000
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual
 SAFER Grant Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2016

	2017			2016 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental revenue	\$ 247,752	\$ 266,114	\$ 18,362	\$ 170,458
Expenditures				
Current - public safety - Personal services	247,752	266,114	18,362	170,458
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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CITY OF JACKSON, MICHIGAN

Nonmajor Debt Service Funds

Debt service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

2007 Brownfield Refunding Debt Service Fund - This fund is used to record principal and interest payments on the \$9,905,000 Refunding Bonds dated December 1, 2007.

2012 Brownfield Refunding Debt Service Fund - This fund is used to record principal and interest payments on the \$7,360,000 Refunding Bonds dated December 1, 2007.

2011 Downtown Development Authority Refunding Debt Service Fund - This fund is used to record principal and interest payments on the \$5,395,000 Refunding Bonds dated March 27, 2001.

Building Authority Debt Service Fund - This fund is used to record principal and interest payments on the \$800,000 Building Authority Bonds dated June 1, 1992.

2001 DDA TIF Debt Service Fund - This fund is used to record principal and interest payments on the \$17,998,577 Downtown Development Authority bonds, used to finance the City's share of land acquisition and infrastructure improvements associated with the construction of the new Consumers Energy headquarters.

2013 City Hall Refunding Debt Service Fund - This fund is used to record principal and interest payments on the \$8,275,000 Refunding Bonds dated February 5, 2013.

2016 Capital Improvement Bonds Debt Service Fund - This fund is used to record principal and interest payments on the \$1,300,000 Bonds dated April 20, 2016.

2017 Brownfield Refunding Debt Service Fund - This fund is used to record principal and interest payments on the \$9,080,000 Refunding Bonds dated April 26, 2017.

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet Nonmajor Debt Service Funds June 30, 2017

	2007 Brownfield Refunding	2012 Brownfield Refunding	2011 DDA Refunding
Assets			
Pooled cash and investments	\$ -	\$ 2,373	\$ -
Due from other funds	-	2,156	431
Total assets	<u>\$ -</u>	<u>\$ 4,529</u>	<u>\$ 431</u>
Liabilities			
Unearned revenue	\$ -	\$ -	\$ -
Fund balances			
Restricted for debt service	-	4,529	431
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 4,529</u>	<u>\$ 431</u>



Building Authority	2001 DDA TIF	2013 City Hall Refunding	2016 Capital Improvement Bonds	2017 Brownfield Refunding	Totals
\$ 3,321	\$ 637	\$ 5,012	\$ -	\$ 1,900	\$ 13,243
-	-	64,753	-	-	67,340
<u>\$ 3,321</u>	<u>\$ 637</u>	<u>\$ 69,765</u>	<u>\$ -</u>	<u>\$ 1,900</u>	<u>\$ 80,583</u>
\$ -	\$ -	\$ 718	\$ -	\$ -	\$ 718
<u>3,321</u>	<u>637</u>	<u>69,047</u>	<u>-</u>	<u>1,900</u>	<u>79,865</u>
<u>\$ 3,321</u>	<u>\$ 637</u>	<u>\$ 69,765</u>	<u>\$ -</u>	<u>\$ 1,900</u>	<u>\$ 80,583</u>

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

Nonmajor Debt Service Funds

For the Fiscal Year Ended June 30, 2017

	2007 Brownfield Refunding	2012 Brownfield Refunding	2011 DDA Refunding
Revenues			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental	420,966	699,341	-
Charges for services	-	-	-
Investment income	-	-	-
Total revenues	<u>420,966</u>	<u>699,341</u>	<u>-</u>
Expenditures			
Debt service:			
Principal retirement	35,000	445,000	-
Interest, fiscal charges and bond issuance costs	388,339	251,968	247,575
Total expenditures	<u>423,339</u>	<u>696,968</u>	<u>247,575</u>
Revenues over (under) expenditures	<u>(2,373)</u>	<u>2,373</u>	<u>(247,575)</u>
Other financing sources (uses)			
Issuance of debt	-	-	-
Payment to refunding bond escrow agent	-	-	-
Transfers in	-	-	247,575
Total other financing sources	<u>-</u>	<u>-</u>	<u>247,575</u>
Net change in fund balances	<u>(2,373)</u>	<u>2,373</u>	<u>-</u>
Fund balances, beginning of year	<u>2,373</u>	<u>2,156</u>	<u>431</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 4,529</u>	<u>\$ 431</u>

Building Authority	2001 DDA TIF	2013 City Hall Refunding	2016 Capital Improvement Bonds	2017 Brownfield Refunding	Totals
\$ -	\$ -	\$ 719,550	\$ -	\$ -	\$ 719,550
-	-	-	-	-	1,120,307
52,181	-	-	-	-	52,181
-	-	547	-	-	547
<u>52,181</u>	<u>-</u>	<u>720,097</u>	<u>-</u>	<u>-</u>	<u>1,892,585</u>
45,000	826,414	460,000	117,000	-	1,928,414
7,181	1,134,381	243,600	18,388	83,100	2,374,532
<u>52,181</u>	<u>1,960,795</u>	<u>703,600</u>	<u>135,388</u>	<u>83,100</u>	<u>4,302,946</u>
<u>-</u>	<u>(1,960,795)</u>	<u>16,497</u>	<u>(135,388)</u>	<u>(83,100)</u>	<u>(2,410,361)</u>
-	-	-	-	9,080,000	9,080,000
-	-	-	-	(8,995,000)	(8,995,000)
-	1,960,795	-	135,388	-	2,343,758
<u>-</u>	<u>1,960,795</u>	<u>-</u>	<u>135,388</u>	<u>85,000</u>	<u>2,428,758</u>
-	-	16,497	-	1,900	18,397
3,321	637	52,550	-	-	61,468
<u>\$ 3,321</u>	<u>\$ 637</u>	<u>\$ 69,047</u>	<u>\$ -</u>	<u>\$ 1,900</u>	<u>\$ 79,865</u>

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CITY OF JACKSON, MICHIGAN

■ Nonmajor Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Capital Projects Fund - This fund is used to account for monies set aside to fund various capital building and land improvements not otherwise funded by bond proceeds.

2016 Capital Improvement Bonds Construction Fund - This fund is used to account for monies set aside to fund various capital building and land improvements funded by the 2016 capital improvement bonds.

Downtown Development Authority Project Fund - This fund is used to account for the receipt and expenditure of tax increments based on the captured assessed value of property within the Amended Development Area.

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2017

	Capital Projects	2016 Capital Improvement Bonds Construction	Downtown Development Authority Project	Totals
Assets				
Pooled cash and investments	\$ 224,568	\$ -	\$ 2,216,452	\$ 2,441,020
Liabilities				
Accounts payable	\$ 179,213	\$ -	\$ 932	\$ 180,145
Unearned revenue	45,355	-	-	45,355
Total liabilities	224,568	-	932	225,500
Fund balances				
Restricted for downtown development	-	-	2,215,520	2,215,520
Total liabilities and fund balances	\$ 224,568	\$ -	\$ 2,216,452	\$ 2,441,020

CITY OF JACKSON, MICHIGAN

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2017**

	Capital Projects	2016 Capital Improvement Bonds Construction	Downtown Development Authority Project	Totals
Revenues				
Property taxes	\$ -	\$ -	\$ 1,081,437	\$ 1,081,437
Investment income	355	-	8,382	8,737
Miscellaneous	254,023	-	1,500,000	1,754,023
Total revenues	254,378	-	2,589,819	2,844,197
Expenditures				
Community enrichment and development	777,341	-	52,281	829,622
Revenues over (under) expenditures	(522,963)	-	2,537,538	2,014,575
Other financing sources (uses)				
Transfers in	421,465	-	-	421,465
Transfers out	-	(34,073)	(2,208,370)	(2,242,443)
Total other financing sources (uses)	421,465	(34,073)	(2,208,370)	(1,820,978)
Net change in fund balances	(101,498)	(34,073)	329,168	193,597
Fund balances, beginning of year	101,498	34,073	1,886,352	2,021,923
Fund balances, end of year	\$ -	\$ -	\$ 2,215,520	\$ 2,215,520

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CITY OF JACKSON, MICHIGAN

■ Nonmajor Permanent Funds

Ella W. Sharp Park Endowment Fund - This fund is used to account for monies received from the estate of Ella W. Sharp.

Cemetery Perpetual Maintenance Fund - This fund is used to account for money held in trust for the perpetual care of certain cemetery lots.

Lloyd E. Mount Endowment Fund - This fund is used to account for monies received from the estate of Lloyd E. Mount.

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet
 Nonmajor Permanent Funds
 June 30, 2017

	Ella W. Sharp Park Endowment	Cemetery Perpetual Maintenance	Lloyd E. Mount Endowment	Total
Assets				
Pooled cash and investments - restricted	\$ 1,098,147	\$ 1,905,751	\$ 296,937	\$ 3,300,835
Other receivables	-	9,537	-	9,537
Due from other funds	10,708	-	-	10,708
Long-term advance to other funds	30,000	-	-	30,000
	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Total assets	<u>\$ 1,138,855</u>	<u>\$ 1,915,288</u>	<u>\$ 296,937</u>	<u>\$ 3,351,080</u>
Fund balances				
Nonspendable for:				
Perpetual care	\$ -	\$ 1,915,288	\$ -	\$ 1,915,288
Endowment	1,108,855	-	296,937	1,405,792
Committed:				
Culture and recreation	30,000	-	-	30,000
	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Total fund balances	<u>\$ 1,138,855</u>	<u>\$ 1,915,288</u>	<u>\$ 296,937</u>	<u>\$ 3,351,080</u>

CITY OF JACKSON, MICHIGAN

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Permanent Funds
For the Fiscal Year Ended June 30, 2017**

	Ella W. Sharp Park Endowment	Cemetery Perpetual Maintenance	Lloyd E. Mount Endowment	Total
Revenues				
Charges for services	\$ -	\$ 34,053	\$ -	\$ 34,053
Donations	-	-	296,103	296,103
Investment income (loss)	11,092	(11,642)	834	284
Total revenues	11,092	22,411	296,937	330,440
Expenditures				
Current - community enrichment and development	-	9,434	-	9,434
Revenues over expenditures	11,092	12,977	296,937	321,006
Other financing uses				
Transfers out	(22,956)	(18,682)	-	(41,638)
Net change in fund balances	(11,864)	(5,705)	296,937	279,368
Fund balances, beginning of year	1,150,719	1,920,993	-	3,071,712
Fund balances, end of year	\$ 1,138,855	\$ 1,915,288	\$ 296,937	\$ 3,351,080

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CITY OF JACKSON, MICHIGAN

■ Nonmajor Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's commission is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered through user charges or where the government's commission has decided that periodic determination of net income is appropriate for accountability purposes.

Ella W. Sharp Park Golf Practice Center Fund - This fund is used to account for the construction and operation of the Ella W. Sharp Park Golf Practice Center.

Automobile Parking System Fund - This fund is used to account for the operation of the downtown parking garage and capital improvements to the City's parking system.

Parking Assessment Fund - This fund is used to account for the revenues and expenses of the City's meterless parking system.

CITY OF JACKSON, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2017

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Totals
Assets				
Current assets:				
Pooled cash and investments	\$ 53,417	\$ 143,083	\$ 141,399	\$ 337,899
Accounts receivable	-	30,750	-	30,750
Total current assets	<u>53,417</u>	<u>173,833</u>	<u>141,399</u>	<u>368,649</u>
Noncurrent assets:				
Capital assets not being depreciated	-	1,804,267	-	1,804,267
Capital assets being depreciated, net	-	1,773,911	-	1,773,911
Total noncurrent assets	<u>-</u>	<u>3,578,178</u>	<u>-</u>	<u>3,578,178</u>
Total assets	<u>53,417</u>	<u>3,752,011</u>	<u>141,399</u>	<u>3,946,827</u>
Liabilities				
Current liabilities:				
Accounts payable	-	-	198	198
Accrued payroll	2,276	102	400	2,778
Total current liabilities	<u>2,276</u>	<u>102</u>	<u>598</u>	<u>2,976</u>
Noncurrent liabilities -				
Long-term advance from other funds	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Total liabilities	<u>32,276</u>	<u>102</u>	<u>598</u>	<u>32,976</u>
Net position				
Investment in capital assets	-	3,578,178	-	3,578,178
Unrestricted	<u>21,141</u>	<u>173,731</u>	<u>140,801</u>	<u>335,673</u>
Total net position	<u>\$ 21,141</u>	<u>\$ 3,751,909</u>	<u>\$ 140,801</u>	<u>\$ 3,913,851</u>

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds For the Fiscal Year Ended June 30, 2017

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Totals
Operating revenues				
Charges for sales and services	\$ 36,026	\$ 47,427	\$ 59,416	\$ 142,869
Other	-	-	22,152	22,152
Total operating revenues	36,026	47,427	81,568	165,021
Operating expenses				
Personal services	29,230	4,732	31,115	65,077
Materials and supplies	874	186	-	1,060
Contractual and other services	3,338	29,576	107,064	139,978
Depreciation	-	39,804	-	39,804
Total operating expenses	33,442	74,298	138,179	245,919
Operating income (loss)	2,584	(26,871)	(56,611)	(80,898)
Nonoperating revenues (expenses)				
Investment income	157	-	422	579
Interest and fiscal charges	(1,000)	-	-	(1,000)
Total nonoperating revenues (expenses)	(843)	-	422	(421)
Income (loss) before transfers	1,741	(26,871)	(56,189)	(81,319)
Transfers in	10,000	445,073	47,550	502,623
Change in net position	11,741	418,202	(8,639)	421,304
Net position, beginning of year	9,400	3,333,707	149,440	3,492,547
Net position, end of year	\$ 21,141	\$ 3,751,909	\$ 140,801	\$ 3,913,851

CITY OF JACKSON, MICHIGAN

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Fiscal Year Ended June 30, 2017

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Totals
Cash flows from operating activities				
Receipts from customers and users	\$ 36,026	\$ 16,677	\$ 82,608	\$ 135,311
Payments to employees	(29,230)	(4,732)	(31,115)	(65,077)
Payments to vendors and claimants	(24,248)	(69,439)	(110,274)	(203,961)
Net cash used in operating activities	(17,452)	(57,494)	(58,781)	(133,727)
Cash flows from capital and related financing activities				
Purchase of capital assets	-	(301,683)	-	(301,683)
Interest paid on long-term debt	(1,000)	-	-	(1,000)
Net cash used in capital and related financing activities	(1,000)	(301,683)	-	(302,683)
Cash flows provided by noncapital financing activities				
Transfer in	10,000	445,073	47,550	502,623
Cash flows provided by investing activities				
Interest received on investments	157	-	422	579
Net change in cash and cash equivalents	(8,295)	85,896	(10,809)	66,792
Cash and cash equivalents, beginning of year	61,712	57,187	152,208	271,107
Cash and cash equivalents, end of year	\$ 53,417	\$ 143,083	\$ 141,399	\$ 337,899
Reconciliation of operating income (loss) to net cash used in operating activities				
Operating income (loss)	\$ 2,584	\$ (26,871)	\$ (56,611)	\$ (80,898)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:				
Depreciation	-	39,804	-	39,804
Change in operating assets and liabilities that provided (used) cash:				
Accounts receivable	-	(30,750)	1,040	(29,710)
Accounts payable	(10,500)	(39,633)	(2,515)	(52,648)
Accrued payroll	464	(44)	(695)	(275)
Advance from other funds	(10,000)	-	-	(10,000)
Net cash used in operating activities	\$ (17,452)	\$ (57,494)	\$ (58,781)	\$ (133,727)

CITY OF JACKSON, MICHIGAN

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Workers' Compensation Fund - This fund is used to record the activity of the City's self-insured workers' compensation program. Revenues are supplied by charges to various City funds.

Self Insurance Health Fund - This fund is used to record the activity of the City's self-insured health program. Revenues are supplied by charges to various City funds.

Motor Pool And Garage Fund - This fund is used to record the operations of the City's motor vehicle pool at the Department of Public Works. Revenues are supplied by equipment rental charges to other funds of the City.

Public Works Administration Fund - This fund is used to account for the administrative operations of the City's Department of Public Works.

Engineering Administration Fund - This fund is used to account for the administrative operations of the City's Engineering Department.

Local Site Remediation Revolving Fund - This Fund is used to record the receipt and disbursement of money available under Section 13(5) of the Brownfield Redevelopment Financing Act (Act 381 of 1996) and may also consist of money appropriated or otherwise made available from public or private sources.

CITY OF JACKSON, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2017

	Workers' Compensation	Self Insurance Health	Motor Pool and Garage
Assets			
Current assets:			
Pooled cash and investments	\$ 587,236	\$ 1,230,398	\$ 298,891
Accounts receivable	1,401	-	514
Prepaid items	-	295,387	-
Restricted cash -			
Cash on hand with agents	46,000	-	-
Total current assets	<u>634,637</u>	<u>1,525,785</u>	<u>299,405</u>
Noncurrent assets:			
Long-term advances	996,650	-	-
Capital assets being depreciated, net	-	-	545,042
Total noncurrent assets	<u>996,650</u>	<u>-</u>	<u>545,042</u>
Total assets	<u>1,631,287</u>	<u>1,525,785</u>	<u>844,447</u>
Liabilities			
Current liabilities:			
Accounts payable	6,251	26,232	32,498
Accrued payroll	-	-	5,046
Due to other funds	-	-	10,708
Current portion of installment purchase agreement	-	-	25,340
Current portion of estimated claims payable	111,021	-	-
Total current liabilities	<u>117,272</u>	<u>26,232</u>	<u>73,592</u>
Noncurrent liabilities:			
Long-term advance	-	-	33,450
Installment purchase agreement	-	-	53,735
Estimated claims payable, net of current portion	163,591	-	-
Total noncurrent liabilities	<u>163,591</u>	<u>-</u>	<u>87,185</u>
Total liabilities	<u>280,863</u>	<u>26,232</u>	<u>160,777</u>
Net position			
Net investment in capital assets	-	-	465,967
Unrestricted	<u>1,350,424</u>	<u>1,499,553</u>	<u>217,703</u>
Total net position	<u>\$ 1,350,424</u>	<u>\$ 1,499,553</u>	<u>\$ 683,670</u>



Public Works Administration	Engineering Administration	Local Site Remediation Revolving	Totals
\$ 45,974	\$ 22,654	\$ 325,524	\$ 2,510,677
31,298	-	-	33,213
-	-	-	295,387
-	-	-	46,000
<u>77,272</u>	<u>22,654</u>	<u>325,524</u>	<u>2,885,277</u>
-	-	-	996,650
-	-	-	545,042
-	-	-	1,541,692
<u>77,272</u>	<u>22,654</u>	<u>325,524</u>	<u>4,426,969</u>
9,260	5,489	-	79,730
4,654	3,392	-	13,092
-	-	-	10,708
-	-	-	25,340
-	-	-	111,021
<u>13,914</u>	<u>8,881</u>	-	<u>239,891</u>
-	-	-	33,450
-	-	-	53,735
-	-	-	163,591
-	-	-	250,776
<u>13,914</u>	<u>8,881</u>	-	<u>490,667</u>
-	-	-	465,967
<u>63,358</u>	<u>13,773</u>	<u>325,524</u>	<u>3,470,335</u>
<u>\$ 63,358</u>	<u>\$ 13,773</u>	<u>\$ 325,524</u>	<u>\$ 3,936,302</u>

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenses

and Changes in Fund Net Position

Internal Service Funds

For the Fiscal Year Ended June 30, 2017

	Workers' Compensation	Self Insurance Health	Motor Pool and Garage
Operating revenues			
Charges for services	\$ 194,288	\$ 5,412,322	\$ 247,861
Miscellaneous	47,418	73,367	613,294
Total operating revenues	241,706	5,485,689	861,155
Operating expenses			
Personal services	-	-	349,429
Administration	-	-	-
Materials and supplies	-	-	247,195
Contractual and other services	5,435	4,851,370	112,319
Benefit payments:			
Claims	79,969	-	-
Fees and reinsurance	56,867	-	-
Depreciation	-	-	374,604
Total operating expenses	142,271	4,851,370	1,083,547
Operating income (loss)	99,435	634,319	(222,392)
Nonoperating revenues			
Investment income	29,756	3,306	926
Change in net position	129,191	637,625	(221,466)
Net position, beginning of year	1,221,233	861,928	905,136
Net position, end of year	\$ 1,350,424	\$ 1,499,553	\$ 683,670



Public Works Administration	Engineering Administration	Local Site Remediation Revolving	Totals
\$ 290,705	\$ 270,917	\$ 71,837	\$ 6,487,930
362	50	-	734,491
<u>291,067</u>	<u>270,967</u>	<u>71,837</u>	<u>7,222,421</u>
242,227	233,311	-	824,967
30,947	46,173	14,849	91,969
-	-	-	247,195
-	-	-	4,969,124
-	-	-	79,969
-	-	-	56,867
-	-	-	374,604
<u>273,174</u>	<u>279,484</u>	<u>14,849</u>	<u>6,644,695</u>
17,893	(8,517)	56,988	577,726
<u>2,942</u>	<u>114</u>	<u>910</u>	<u>37,954</u>
20,835	(8,403)	57,898	615,680
<u>42,523</u>	<u>22,176</u>	<u>267,626</u>	<u>3,320,622</u>
<u>\$ 63,358</u>	<u>\$ 13,773</u>	<u>\$ 325,524</u>	<u>\$ 3,936,302</u>

CITY OF JACKSON, MICHIGAN

Combining Statement of Cash Flows
 Internal Service Funds
 For the Fiscal Year Ended June 30, 2017

	Workers' Compensation	Self Insurance Health	Motor Pool and Garage
Cash flows from operating activities			
Receipts for interfund services provided	\$ 241,706	\$ 5,485,689	\$ 855,494
Payments to employees	-	-	(351,111)
Payments to vendors and claimants	(149,224)	(4,897,318)	(340,207)
Net cash provided by (used in) operating activities	92,482	588,371	164,176
Cash flows from capital and related financing activities			
Purchase of capital assets	-	-	(107,552)
Installment purchase agreement	-	-	107,552
Principal paid on long-term debt	-	-	(28,477)
Interfund advances	223,460	-	(54,213)
Net cash provided by (used in) capital and related financing activities	223,460	-	(82,690)
Cash flows provided by investing activities			
Interest received on investments	29,756	3,306	928
Net change in cash and cash equivalents	345,698	591,677	82,414
Cash and cash equivalents, beginning of year	287,538	638,721	216,477
Cash and cash equivalents, end of year	\$ 633,236	\$ 1,230,398	\$ 298,891
Statement of net position classification of cash			
Cash and cash equivalents	\$ 587,236	\$ 1,230,398	\$ 298,891
Restricted cash and cash equivalents	46,000	-	-
	\$ 633,236	\$ 1,230,398	\$ 298,891
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 99,435	\$ 634,319	\$ (222,392)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	-	374,604
Change in operating assets and liabilities that provided (used) cash:			
Accounts receivable	-	-	(464)
Prepaid items	-	(43,471)	-
Accounts payable	(6,953)	(2,477)	19,307
Accrued payroll	-	-	(1,682)
Due to other funds	-	-	(5,197)
Net cash provided by (used in) operating activities	\$ 92,482	\$ 588,371	\$ 164,176

Public Works Administration	Engineering Administration	Local Site Remediation Revolving	Totals
\$ 283,411	\$ 270,967	\$ 71,837	\$ 7,209,104
(241,420)	(234,124)	-	(826,655)
(30,173)	(45,291)	(14,849)	(5,477,062)
<u>11,818</u>	<u>(8,448)</u>	<u>56,988</u>	<u>905,387</u>
-	-	-	(107,552)
-	-	-	107,552
-	-	-	(28,477)
-	-	-	<u>169,247</u>
-	-	-	<u>140,770</u>
<u>2,942</u>	<u>114</u>	<u>910</u>	<u>37,956</u>
14,760	(8,334)	57,898	1,084,113
<u>31,214</u>	<u>30,988</u>	<u>267,626</u>	<u>1,472,564</u>
<u>\$ 45,974</u>	<u>\$ 22,654</u>	<u>\$ 325,524</u>	<u>\$ 2,556,677</u>
\$ 45,974	\$ 22,654	\$ 325,524	\$ 2,510,677
-	-	-	46,000
<u>\$ 45,974</u>	<u>\$ 22,654</u>	<u>\$ 325,524</u>	<u>\$ 2,556,677</u>
\$ 17,893	\$ (8,517)	\$ 56,988	\$ 577,726
-	-	-	374,604
(7,656)	-	-	(8,120)
-	-	-	(43,471)
774	882	-	11,533
807	(813)	-	(1,688)
-	-	-	<u>(5,197)</u>
<u>\$ 11,818</u>	<u>\$ (8,448)</u>	<u>\$ 56,988</u>	<u>\$ 905,387</u>

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CITY OF JACKSON, MICHIGAN

Agency Funds

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Payroll Clearing Fund - This fund is used to process City-wide payroll.

Jeopardy Tax Fund - This fund is used to account for advance personal property payments from dissolved businesses.

County And School Tax Collection Fund - This fund is used to record transactions arising from the collection of taxes for the County of Jackson, Jackson Community College, Jackson Transit Authority and Jackson Public Schools.

Community Development Block Grant Escrow Fund - This fund was established to act as an escrow depository for all loans and grants related to the City's Community Development Block Grant Rehabilitation Program.

Act 495 Fire Trust Fund - This fund was established to hold escrowed amounts from insurance proceeds due to fire loss in order to ensure that the damaged property is rehabilitated by the owner's.

Cafeteria Reimbursement Fund - This fund is used to account for employee cafeteria reimbursements.

CITY OF JACKSON, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2017

	Payroll Clearing	Jeopardy Tax	County and School Tax Collection	Community Development Block Grant Escrow
Assets				
Pooled cash and investments	\$ 753	\$ 1,420	\$ 42,673	\$ 5,032
Liabilities				
Due to other governments	\$ -	\$ 1,420	\$ 42,673	\$ 5,032
Other liabilities	753	-	-	-
Total liabilities	\$ 753	\$ 1,420	\$ 42,673	\$ 5,032



Act 495 Fire Trust Fund	Cafeteria Reimbursement	Total
-------------------------------	----------------------------	-------

<u>\$ 49,500</u>	<u>\$ 40,884</u>	<u>\$ 140,262</u>
------------------	------------------	-------------------

\$ -	\$ -	\$ 49,125
<u>49,500</u>	<u>40,884</u>	<u>91,137</u>

<u>\$ 49,500</u>	<u>\$ 40,884</u>	<u>\$ 140,262</u>
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CITY OF JACKSON, MICHIGAN

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Fiscal Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<i>Payroll Clearing Account</i>				
Assets				
Pooled cash and investments	\$ 50	\$ 5,871,591	\$ 5,870,888	\$ 753
Liabilities				
Other liabilities	\$ 50	\$ 5,875,498	\$ 5,874,795	\$ 753
<i>Jeopardy Tax Fund</i>				
Assets				
Pooled cash and investments	\$ 9,784	\$ 12,280	\$ 20,644	\$ 1,420
Liabilities				
Due to other governments	\$ 9,784	\$ 12,280	\$ 20,644	\$ 1,420
<i>County & School Tax Collection Fund</i>				
Assets				
Pooled cash and investments	\$ 5,006	\$ 31,276,236	\$ 31,238,569	\$ 42,673
Liabilities				
Due to other governments	\$ 5,006	\$ 9,015,838	\$ 8,978,171	\$ 42,673
Undistributed tax collections:				
Jackson County	-	3,690,718	3,690,718	-
Jackson Public Schools	-	7,581,700	7,581,700	-
Northwest Schools	-	36,348	36,348	-
Michigan Center Schools	-	44,825	44,825	-
East Jackson Schools	-	5,021	5,021	-
Jackson Intermediate School District	-	4,389,541	4,389,541	-
Jackson Community College	-	578,445	578,445	-
Jackson Transportation Authority	-	491,809	491,809	-
State of Michigan - State Education Tax	-	2,999,339	2,999,339	-
Total liabilities	\$ 5,006	\$ 28,833,584	\$ 28,795,917	\$ 42,673

continued...

CITY OF JACKSON, MICHIGAN

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<i>Community Development Block Grant Escrow Fund</i>				
Assets				
Pooled cash and investments	\$ 12,517	\$ 20,000	\$ 27,485	\$ 5,032
Liabilities				
Due to other governments	\$ 12,517	\$ 20,000	\$ 27,485	\$ 5,032
<i>Act 495 Fire Trust Fund</i>				
Assets				
Pooled cash and investments	\$ 42,000	\$ 19,556	\$ 12,056	\$ 49,500
Liabilities				
Insurance deposits	\$ 42,000	\$ 19,556	\$ 12,056	\$ 49,500
<i>Cafeteria Reimbursement Fund</i>				
Assets				
Pooled cash and investments	\$ 41,469	\$ 94,018	\$ 94,603	\$ 40,884
Liabilities				
Other liabilities	\$ -	\$ 101,611	\$ 101,611	\$ -
Employees' contributions	41,469	94,018	94,603	40,884
Total liabilities	\$ 41,469	\$ 195,629	\$ 196,214	\$ 40,884
<i>Total All Agency Funds</i>				
Assets				
Pooled cash and investments	\$ 110,826	\$ 37,293,681	\$ 37,264,245	\$ 140,262
Liabilities				
Due to other governments	27,307	9,028,118	8,998,815	49,125
Undistributed tax collections	-	19,817,746	19,817,746	-
Other liabilities	83,519	6,090,683	6,083,065	91,137
Total liabilities	\$ 110,826	\$ 34,936,547	\$ 34,899,626	\$ 140,262

concluded.

CITY OF JACKSON, MICHIGAN

Balance Sheet / Statement of Net Position

Brownfield Redevelopment Authority Component Unit

June 30, 2017

	Capital Projects		
	Brownfield Redevelopment Authority	Adjustments	Statement of Net Position
Assets			
Pooled cash and investments	\$ 1,426,778	\$ -	\$ 1,426,778
Liabilities			
Accounts payable	\$ 1,252	-	1,252
Salaries payable	544	-	544
Total liabilities	1,796	-	1,796
Fund balance			
Unrestricted	1,424,982	(1,424,982)	-
Total liabilities and fund balance	\$ 1,426,778		
Net position - unrestricted		\$ 1,424,982	\$ 1,424,982

CITY OF JACKSON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance / Statement of Activities Brownfield Redevelopment Authority Component Unit For the Fiscal Year Ended June 30, 2017

	Capital Projects		
	Brownfield Redevelopment Authority	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 1,224,711	\$ -	\$ 1,224,711
Interest revenue	4,007	-	4,007
Total revenues	1,228,718	-	1,228,718
Expenditures/Expenses			
Community enrichment	1,272,059	-	1,272,059
Revenues over (under) expenditures	(43,341)	43,341	-
Change in net position	-	(43,341)	(43,341)
Fund balance / net position, beginning of year	1,468,323	-	1,468,323
Fund balance / net position, end of year	\$ 1,424,982	\$ -	\$ 1,424,982

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STATISTICAL SECTION

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CITY OF JACKSON, MICHIGAN

Statistical Section (Unaudited)

This part of the City of Jackson's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

CONTENTS	<u>Page</u>
Financial Trends (schedules 1 thru 5)	164
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity (schedules 6 thru 9)	175
These schedules contain information to help the reader assess the government's most local sources: property taxes and water and wastewater usage fees.	
Debt Capacity (schedules 10 thru 12)	180
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information (schedules 13 and 14)	184
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information (schedules 15 thru 26)	186
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF JACKSON, MICHIGAN

Net Position by Component

Last Ten Years

(accrual basis of accounting)

	2008	2009	2010	2011	2012
Governmental activities					
Net investment in capital assets	\$ 22,909,620	\$ 25,292,037	\$ 26,205,595	\$ 27,905,286	\$ 32,867,134
Restricted	5,250,943	6,084,912	5,954,460	4,234,677	4,240,770
Unrestricted (deficit)	7,433,449	1,004,574	(4,248,423)	(4,269,622)	(4,048,999)
Total governmental activities net position	\$ 35,594,012	\$ 32,381,523	\$ 27,911,632	\$ 27,870,341	\$ 33,058,905
Business-type activities					
Net investment in capital assets	\$ 55,168,398	\$ 57,102,607	\$ 56,517,510	\$ 56,651,540	\$ 57,808,727
Restricted	1,447,009	167,600	160,100	167,600	67,300
Unrestricted	16,368,542	15,846,100	16,599,831	17,964,849	19,952,439
Total business-type activities net position	\$ 72,983,949	\$ 73,116,307	\$ 73,277,441	\$ 74,783,989	\$ 77,828,466
Primary government					
Net investment in capital assets	\$ 78,078,018	\$ 82,394,644	\$ 82,723,105	\$ 84,556,826	\$ 90,675,861
Restricted	6,697,952	6,252,512	6,114,560	4,402,277	4,308,070
Unrestricted (deficit)	23,801,991	16,850,674	12,351,408	13,695,227	15,903,440
Total primary government net position	\$ 108,577,961	\$ 105,497,830	\$ 101,189,073	\$ 102,654,330	\$ 110,887,371

Source: City of Jackson Finance Department

Schedule 1
Unaudited

2013	2014	2015	2016	2017
\$ 36,771,568	\$ 37,303,547	\$ 38,234,548	\$ 41,858,320	\$ 46,037,381
6,439,037	7,181,966	7,972,469	7,208,873	7,592,831
(6,970,145)	(11,088,913)	(62,538,673)	(67,681,747)	(64,742,170)
<u>\$ 36,240,460</u>	<u>\$ 33,396,600</u>	<u>\$ (16,331,656)</u>	<u>\$ (18,614,554)</u>	<u>\$ (11,111,958)</u>
\$ 57,446,945	\$ 57,537,510	\$ 59,159,505	\$ 62,021,038	\$ 64,851,145
62,500	62,500	62,500	-	-
22,506,870	23,712,577	22,498,646	22,422,024	23,100,849
<u>\$ 80,016,315</u>	<u>\$ 81,312,587</u>	<u>\$ 81,720,651</u>	<u>\$ 84,443,062</u>	<u>\$ 87,951,994</u>
\$ 94,218,513	\$ 94,841,057	\$ 97,394,053	\$ 103,879,358	\$ 110,888,526
6,501,537	7,244,466	8,034,969	7,208,873	7,592,831
15,536,725	12,623,664	(40,040,027)	(45,259,723)	(41,641,321)
<u>\$ 116,256,775</u>	<u>\$ 114,709,187</u>	<u>\$ 65,388,995</u>	<u>\$ 65,828,508</u>	<u>\$ 76,840,036</u>

CITY OF JACKSON, MICHIGAN

Changes in Net Position

Last Ten Years

(accrual basis of accounting)

	2008	2009	2010	2011	2012
Revenue					
Governmental activities:					
Program revenues:					
Charges for services	\$ 4,576,960	\$ 4,545,223	\$ 4,729,249	\$ 4,996,781	\$ 4,598,435
Operating grants and contributions	5,954,457	5,964,746	7,238,196	6,800,210	5,979,625
Capital grants and contributions	1,119,751	1,444,563	2,130,328	2,363,474	5,321,414
General revenues:					
Property taxes	10,710,438	10,488,646	10,305,545	9,826,762	9,708,980
Income taxes	7,946,837	7,645,706	6,519,574	6,977,923	7,297,281
Grants and contributions not restricted to specific programs	5,390,450	5,730,532	4,785,181	4,750,419	4,061,333
Other	613,778	210,499	36,974	99,733	100,188
Total governmental activities revenues	36,312,671	36,029,915	35,745,047	35,815,302	37,067,256
Business-type activities:					
Program revenues:					
Charges for services	11,987,813	11,741,153	10,969,737	12,738,380	15,905,133
Operating grants and contributions	-	-	17,165	-	-
General revenues:					
Grants and contributions not restricted to specific programs	527,454	225,628	285,961	292,290	245,514
Other	781,190	446,863	221,234	101,871	93,619
Total business-type activities revenues	13,296,457	12,413,644	11,494,097	13,132,541	16,244,266
Total primary government revenues	49,609,128	48,443,559	47,239,144	48,947,843	53,311,522
Expenses					
Governmental activities:					
Legislative	100,856	84,987	81,455	78,998	78,779
General government	5,106,778	5,590,322	5,193,157	4,672,731	4,224,454
Public safety	16,474,297	18,514,730	18,480,322	16,182,495	14,157,903
Public works	6,363,857	6,982,096	6,815,307	6,604,418	5,509,209
Culture and recreation	2,484,262	2,823,240	3,074,451	2,891,768	2,764,356
Community enrichment & development	3,836,177	4,276,212	4,808,286	3,764,313	3,140,708
Interest on long-term debt	1,767,307	1,823,284	1,761,960	1,634,370	1,280,723
Total governmental activities expenses	36,133,534	40,094,871	40,214,938	35,829,093	31,156,132
Business-type activities:					
Sewer	5,405,194	5,186,279	5,221,872	5,165,228	5,808,940
Water	5,896,097	6,315,543	5,360,557	5,718,144	5,923,975
Stormwater utilities	-	-	-	88,861	845,506
Parking system	743,253	708,936	688,921	623,946	632,315
Golf practice center	71,092	70,528	61,613	57,314	62,084
Total business-type activities expenses	12,115,636	12,281,286	11,332,963	11,653,493	13,272,820
Total primary government expenses	48,249,170	52,376,157	51,547,901	47,482,586	44,428,952
Change in net position	1,359,958	(3,932,598)	(4,308,757)	1,465,257	8,882,570
Net position, beginning of year, as restated	107,506,693	108,577,961	105,497,830	101,189,073	102,654,330
Other restatements at June 30	(288,690)	852,467	-	-	(649,529)
Net position, end of year	\$ 108,577,961	\$ 105,497,830	\$ 101,189,073	\$ 102,654,330	\$ 110,887,371

Source: City of Jackson Finance Department.

Schedule 2
Unaudited

	2013	2014	2015	2016	2017
\$	6,587,602	\$ 4,848,628	\$ 5,552,879	\$ 6,865,865	\$ 7,230,063
	7,603,364	4,954,371	8,168,083	8,528,481	8,057,043
	4,434,092	1,715,400	2,616,526	4,382,916	4,912,701
	9,495,893	9,347,632	9,848,721	10,098,963	11,107,219
	8,017,329	8,080,526	8,806,662	8,269,968	9,021,888
	4,218,247	4,350,343	4,473,462	4,529,640	4,587,193
	88,095	205,048	220,316	273,697	236,961
	<u>40,444,622</u>	<u>33,501,948</u>	<u>39,686,649</u>	<u>42,949,530</u>	<u>45,153,068</u>
	14,550,167	12,747,090	12,157,199	12,950,095	14,689,369
	-	-	-	-	-
	274,432	502,598	494,502	484,125	482,229
	185,949	91,290	79,121	65,603	74,213
	<u>15,010,548</u>	<u>13,340,978</u>	<u>12,730,822</u>	<u>13,499,823</u>	<u>15,245,811</u>
	<u>55,455,170</u>	<u>46,842,926</u>	<u>52,417,471</u>	<u>56,449,353</u>	<u>60,398,879</u>
	81,079	80,442	77,646	86,196	88,390
	4,774,616	5,316,441	4,430,955	4,919,166	4,757,600
	18,980,031	18,040,231	20,342,158	23,831,644	16,974,653
	6,157,790	5,909,656	6,078,035	6,008,799	6,217,969
	2,392,391	2,592,620	2,925,356	3,001,248	3,386,015
	3,281,198	3,049,440	2,955,101	3,853,316	3,622,160
	1,595,962	1,275,528	1,212,116	2,224,745	2,501,062
	<u>37,263,067</u>	<u>36,264,358</u>	<u>38,021,367</u>	<u>43,925,114</u>	<u>37,547,849</u>
	4,622,944	4,528,885	4,269,366	4,697,987	4,545,319
	6,079,526	6,388,397	6,671,055	6,837,381	6,761,160
	1,441,642	524,814	679,023	-	-
	625,116	633,440	590,951	507,451	498,772
	53,471	50,620	53,489	41,907	34,251
	<u>12,822,699</u>	<u>12,126,156</u>	<u>12,263,884</u>	<u>12,084,726</u>	<u>11,839,502</u>
	<u>50,085,766</u>	<u>48,390,514</u>	<u>50,285,251</u>	<u>56,009,840</u>	<u>49,387,351</u>
	5,369,404	(1,547,588)	2,132,220	439,513	11,011,528
	110,887,371	116,256,775	63,256,775	65,388,995	65,828,508
	-	-	-	-	-
\$	<u>116,256,775</u>	<u>114,709,187</u>	<u>65,388,995</u>	<u>65,828,508</u>	<u>76,840,036</u>

CITY OF JACKSON, MICHIGAN

Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	2008	2009	2010	2011	2012
General fund					
Nonspendable				\$ 469,317	\$ 54,655
Unassigned				2,160,928	3,372,517
Reserved	\$ 379,213	\$ 249,169	\$ 76,177	-	-
Unreserved	2,078,521	1,707,278	581,788	-	-
Total general fund	\$ 2,457,734	\$ 1,956,447	\$ 657,965	\$ 2,630,245	\$ 3,427,172
All other governmental funds					
Nonspendable				\$ 3,092,357	\$ 3,169,686
Restricted				2,005,904	2,871,925
Committed				127,472	321,791
Unassigned (deficit)				(895,314)	(958,023)
Reserved	\$ 3,116,497	\$ 3,259,351	\$ 3,518,347	-	-
Unreserved, reported in:					
Special revenue funds	2,498,687	2,492,904	2,485,481	-	-
Debt service funds	54,908	42,961	13,714	-	-
Capital projects funds	(17,189)	(146,010)	(420,308)	-	-
Total all other governmental funds	5,652,903	5,649,206	5,597,234	4,330,419	5,405,379
Total governmental funds	\$ 8,110,637	\$ 7,605,653	\$ 6,255,199	\$ 6,960,664	\$ 8,832,551

(A) The City of Jackson implemented GASB Statement No. 54 as of and for the year ended June 30, 2011. Fund balance component classifications are shown as reported under that new criteria as of that date.

Source: City of Jackson Finance Department.

Schedule 3
Unaudited

2013	2014	2015	2016	2017
\$ 62,482	\$ 60,073	\$ 66,122	\$ 67,427	\$ 99,168
4,188,560	4,757,198	5,475,601	6,041,453	7,199,991
-	-	-	-	-
-	-	-	-	-
<u>\$ 4,251,042</u>	<u>\$ 4,817,271</u>	<u>\$ 5,541,723</u>	<u>\$ 6,108,880</u>	<u>\$ 7,299,159</u>
\$ 3,156,635	\$ 3,185,209	\$ 3,312,687	\$ 3,472,264	\$ 3,629,388
3,282,402	3,996,757	4,951,422	4,137,161	11,876,369
685,861	812,627	2,026,938	956,075	808,067
(1,149,377)	(1,054,511)	(1,100,354)	(1,134,975)	(791,262)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>5,975,521</u>	<u>6,940,082</u>	<u>9,190,693</u>	<u>7,430,525</u>	<u>15,522,562</u>
<u>\$ 10,226,563</u>	<u>\$ 11,757,353</u>	<u>\$ 14,732,416</u>	<u>\$ 13,539,405</u>	<u>\$ 22,821,721</u>

CITY OF JACKSON, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	2008	2009	2010	2011	2012
Revenues					
Taxes	\$ 18,589,716	\$ 18,249,873	\$ 16,936,953	\$ 16,753,417	\$ 16,885,935
Licenses and permits	228,671	247,399	250,602	270,214	262,775
Intergovernmental	11,274,670	11,885,926	12,316,023	12,727,160	15,414,169
Charges for services	3,848,682	3,870,877	3,913,947	3,898,388	3,806,252
Fines and forfeits	221,869	224,967	261,677	224,881	199,216
Donations	-	-	-	-	-
Special assessments	467,981	384,602	278,701	254,958	223,209
Investment income	767,926	406,345	218,023	127,759	134,927
Miscellaneous	785,300	998,231	1,222,574	1,518,901	608,713
Total revenues	36,184,815	36,268,220	35,398,500	35,775,678	37,535,196
Expenditures					
Legislative	100,856	84,987	81,455	78,998	78,779
General government	4,687,386	4,778,604	4,440,441	4,156,263	4,111,378
Public safety	16,945,032	17,398,422	16,770,309	15,553,034	13,936,985
Public works	5,954,413	5,974,822	6,435,712	6,088,484	8,704,847
Culture and recreation	2,668,948	2,758,877	2,503,995	2,839,995	2,686,777
Community enrichment and development	2,589,998	2,543,682	2,856,698	2,614,118	1,998,043
Capital outlay	506,321	625,907	162,571	210,309	547,300
Debt service:					
Principal	1,479,000	1,604,000	1,699,000	1,832,000	915,000
Interest & fiscal charges	1,773,561	1,789,183	1,735,313	1,669,512	1,255,740
Other	215,913	-	-	-	471,371
Total expenditures	36,921,428	37,558,484	36,685,494	35,042,713	34,706,220
Excess of revenues over (under) expenditures	(736,613)	(1,290,264)	(1,286,994)	732,965	2,828,976
Other financing sources (uses)					
Sale of capital assets	11,452	22,538	18,842	-	-
Issuance of debt	9,905,000	-	-	-	13,025,000
Discount on bonds	(94,062)	-	-	-	(69,591)
Premium on bonds	-	-	-	-	141,288
Payment to refunding bond escrow agent	(9,599,786)	-	-	-	(13,975,326)
Transfers in	2,635,156	3,552,312	3,232,670	3,207,550	2,384,867
Transfers out	(2,764,492)	(3,642,036)	(3,314,972)	(3,235,050)	(2,463,327)
Total other financing sources (uses)	93,268	(67,186)	(63,460)	(27,500)	(957,089)
Net change in fund balances	\$ (643,345)	\$ (1,357,450)	\$ (1,350,454)	\$ 705,465	\$ 1,871,887
Debt service as a percentage of total expenditures	9.4%	9.0%	9.4%	10.0%	7.6%

Source: City of Jackson Finance Department.

Schedule 4
Unaudited

2013	2014	2015	2016	2017
\$ 17,321,868	\$ 17,428,158	\$ 18,655,383	\$ 18,368,931	\$ 20,129,107
271,848	265,297	269,871	269,932	269,406
16,139,922	10,841,106	15,052,090	17,545,877	15,330,415
5,133,688	3,588,723	3,794,081	3,581,590	4,460,375
223,947	184,411	251,069	291,348	470,675
-	-	-	-	296,103
403,688	288,255	372,646	347,218	377,824
121,539	186,120	208,663	294,770	199,316
660,058	771,598	1,077,636	2,273,206	2,879,191
<u>40,276,558</u>	<u>33,553,668</u>	<u>39,681,439</u>	<u>42,972,872</u>	<u>44,412,412</u>
81,079	80,442	77,646	86,196	88,390
4,334,482	4,111,567	4,265,628	4,381,350	4,631,716
17,766,806	15,829,087	17,659,079	19,869,088	17,310,595
8,036,993	5,044,025	5,483,350	9,533,378	10,698,179
2,684,768	2,545,604	2,634,120	2,943,178	3,093,474
2,260,186	2,002,541	3,474,674	3,938,264	3,910,791
641,945	781,655	434,097	-	-
1,600,000	710,000	765,000	1,694,125	1,980,346
1,458,980	1,272,030	1,187,255	2,184,775	2,387,036
-	-	-	-	-
<u>38,865,239</u>	<u>32,376,951</u>	<u>35,980,849</u>	<u>44,630,354</u>	<u>44,100,527</u>
<u>1,411,319</u>	<u>1,176,717</u>	<u>3,700,590</u>	<u>(1,657,482)</u>	<u>311,885</u>
16,996	12,140	8,939	12,292	18,054
8,275,000	-	-	1,759,493	18,050,000
-	-	-	-	-
415,396	-	-	-	-
(8,644,152)	(8,995,000)	-	-	(8,995,000)
5,005,390	3,059,835	3,550,761	5,308,321	7,341,083
(5,085,937)	(2,717,902)	(4,285,227)	(6,615,635)	(7,443,706)
<u>(17,307)</u>	<u>(8,640,927)</u>	<u>(725,527)</u>	<u>464,471</u>	<u>8,970,431</u>
<u>\$ 1,394,012</u>	<u>\$ (7,464,210)</u>	<u>\$ 2,975,063</u>	<u>\$ (1,193,011)</u>	<u>\$ 9,282,316</u>
<u>7.9%</u>	<u>6.1%</u>	<u>5.4%</u>	<u>8.7%</u>	<u>12.2%</u>

CITY OF JACKSON, MICHIGAN

Changes in Fund Balances - General Fund

Last Ten Years

(modified accrual basis of accounting)

	2008	2009	2010	2011	2012
Revenues					
Taxes	\$ 15,794,628	\$ 15,415,825	\$ 14,201,465	\$ 13,994,106	\$ 14,140,266
Licenses and permits	228,671	247,399	250,602	270,214	262,775
Intergovernmental	5,204,759	5,474,154	4,579,549	4,835,891	3,964,157
Charges for services	1,305,095	1,299,376	1,282,471	1,202,033	1,222,262
Fines and forfeits	221,869	224,967	261,677	224,881	199,216
Investment income	307,193	101,926	23,086	28,179	17,945
Miscellaneous	151,284	370,730	544,266	730,797	292,346
Total revenues	23,213,499	23,134,377	21,143,116	21,286,101	20,098,967
Expenditures					
Legislative	100,856	84,987	81,455	78,998	78,779
General government	4,687,386	4,778,604	4,440,441	4,156,263	4,111,378
Public safety	15,745,929	16,165,588	15,143,445	14,037,609	12,399,958
Public works	1,498,147	1,513,350	1,165,539	659,843	645,059
Culture and recreation	1,466,462	1,549,225	1,379,570	1,725,123	1,530,163
Community enrichment and development	198,589	259,488	182,875	189,356	163,125
Total expenditures	23,697,369	24,351,242	22,393,325	20,847,192	18,928,462
Excess of revenues over (under) expenditures	(483,870)	(1,216,865)	(1,250,209)	438,909	1,170,505
Other financing sources (uses)					
Sale of capital assets	11,452	9,979	18,367	-	-
Transfers in	319,680	152,291	72,260	95,662	72,422
Transfers (out)	(358,461)	(299,158)	(138,900)	(167,500)	(446,000)
Total other financing sources (uses)	(27,329)	(136,888)	(48,273)	(71,838)	(373,578)
Net change in fund balances	\$ (511,199)	\$ (1,353,753)	\$ (1,298,482)	\$ 367,071	\$ 796,927

Source: City of Jackson Finance Department.

Schedule 5
Unaudited

	2013	2014	2015	2016	2017
\$	14,797,663	\$ 15,034,328	\$ 16,185,035	\$ 15,925,081	\$ 17,230,302
	271,848	265,297	269,871	269,932	269,406
	4,403,887	4,244,084	4,382,628	4,417,029	4,470,342
	1,216,088	1,218,086	1,077,458	1,231,701	1,502,943
	223,947	184,411	251,069	291,348	470,675
	30,887	26,901	28,652	26,733	58,743
	198,786	167,695	180,446	110,815	204,103
	<u>21,143,106</u>	<u>21,140,802</u>	<u>22,375,159</u>	<u>22,272,639</u>	<u>24,206,514</u>
	81,079	80,442	77,646	86,196	88,390
	4,334,482	4,111,567	4,265,628	4,381,350	4,631,716
	12,900,639	12,731,670	13,376,704	13,647,101	14,241,448
	593,487	693,097	574,188	799,946	809,563
	1,582,946	1,454,265	1,460,110	1,436,002	1,541,764
	113,533	254,537	316,852	662,416	716,768
	<u>19,606,166</u>	<u>19,325,578</u>	<u>20,071,128</u>	<u>21,013,011</u>	<u>22,029,649</u>
	<u>1,536,940</u>	<u>1,815,224</u>	<u>2,304,031</u>	<u>1,259,628</u>	<u>2,176,865</u>
	16,996	12,140	8,939	12,292	18,054
	46,406	30,353	28,133	24,755	24,015
	<u>(776,472)</u>	<u>(1,291,488)</u>	<u>(1,616,651)</u>	<u>(729,518)</u>	<u>(1,028,655)</u>
	<u>(713,070)</u>	<u>(1,248,995)</u>	<u>(1,579,579)</u>	<u>(692,471)</u>	<u>(986,586)</u>
\$	<u>823,870</u>	<u>\$ 566,229</u>	<u>\$ 724,452</u>	<u>\$ 567,157</u>	<u>\$ 1,190,279</u>

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**Assessed and Estimated Actual Value of Taxable Property
Last Ten Years**

Tax Year (1)	Taxable Value by Property Type					Estimated Actual Value	Total Direct Tax Rate
	Real Property			Personal Property	Total		
	Residential	Commercial	Industrial				
2008	\$ 361,956,829	\$ 197,794,933	\$ 129,149,728	\$ 79,361,400	\$ 768,262,890	\$ 1,842,335,000	14.5889
2009	353,941,043	196,333,654	125,399,758	76,961,000	752,635,455	1,698,488,700	14.8089
2010	333,963,240	191,882,575	118,178,126	81,180,897	725,204,838	1,696,488,700	14.3589
2011	308,857,852	186,076,317	116,724,423	80,010,400	691,668,992	1,466,403,330	14.8389
2012	280,275,052	170,027,779	111,159,314	80,966,400	642,428,545	1,323,376,200	15.1389
2013	267,840,044	164,156,082	105,319,947	85,933,700	623,249,773	1,272,223,600	15.0889
2014	260,629,651	157,464,395	50,709,410	138,432,300	607,235,756	1,246,337,100	15.9789
2015	259,617,797	156,947,201	50,781,342	136,449,200	603,793,360	1,258,852,000	16.0329
2016	256,822,054	157,682,846	50,813,506	123,390,100	588,708,506	1,265,986,800	17.0389
2017	259,250,142	158,927,225	52,589,946	124,091,595	594,858,908	1,308,696,288	17.1889

(1) The tax year 2016 taxable values are for the tax year beginning July 1, 2016, i.e... for the fiscal year ending June 30, 2017.

Source: Michigan Department of Treasury Form L-4022

CITY OF JACKSON, MICHIGAN

Property Tax Rates - Direct and Overlapping
 Last Ten Years
 (rate per \$1,000 of taxable value)

	2008	2009	2010	2011	2012
City direct rates					
Operating	6.7192	6.7192	6.7192	6.7192	6.7192
Public Improvement	1.9197	1.9197	1.9197	1.9197	1.9197
City hall debt	0.7500	0.7700	0.8700	0.9500	1.0400
Act 345 pension	5.2000	5.4000	4.8500	5.2500	5.4600
Total direct rate	14.5889	14.8089	14.3589	14.8389	15.1389
Overlapping rates					
Jackson County:					
Operating	5.1187	5.1187	5.1187	5.1187	5.1187
Jail debt	0.4851	0.4851	0.4851	0.4851	0.4851
Medical care facility	0.1398	0.1398	0.1398	0.1398	0.1398
Senior services	0.2473	0.2473	0.2473	0.2473	0.2500
District library	1.2593	1.2593	1.2593	1.2593	1.2593
	7.2502	7.2502	7.2502	7.2502	7.2529
Intermediate School District:					
Operating	0.3422	0.3422	0.3422	0.3422	0.3422
Special & vocational education	7.7678	7.7678	7.7678	7.7678	8.4178
	8.1100	8.1100	8.1100	8.1100	8.7600
Jackson Community College:	1.1446	1.1446	1.1446	1.1446	1.1446
Jackson Transit Authority - operating	1.0000	1.0000	1.0000	1.0000	1.0000
Downtown Dev. Authority - operating	1.9996	1.9996	1.9996	1.9996	1.9996
Jackson Public Schools:					
Operating	18.0000	18.0000	18.0000	18.0000	18.0000
State education tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	2.2500	2.2500	2.8500	2.8500	3.1500
Recreation	0.2000	0.2000	0.2000	0.2000	0.2000
	26.4500	26.4500	27.0500	27.0500	27.3500
East Jackson Public Schools:					
Operating	18.0000	18.0000	18.0000	18.0000	18.0000
State education tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	5.8400	5.9400	6.0000	6.0000	7.0000
	29.8400	29.9400	30.0000	30.0000	31.0000
Michigan Center Public Schools:					
Operating	18.0000	18.0000	18.0000	18.0000	18.0000
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	-	-	-	-	-
Extra Voted/Sinking Fund	3.4015	-	-	-	-
	27.4015	24.0000	24.0000	24.0000	24.0000
Northwest Public Schools:					
Operating	16.9487	16.9487	16.9487	16.9487	18.0000
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	-	0.9173	1.0281	1.0281	1.0221
Extra voted	1.0513	1.0513	1.0513	1.0513	-
	24.0000	24.9173	25.0281	25.0281	25.0221

Note: Levy shown is as of July 1. The July 1, 2016 levy is for the fiscal year ending June 30, 2017.
 Source: City of Jackson Finance Department.

Schedule 7
Unaudited

2013	2014	2015	2016	2017
6.7192	6.7192	6.7192	6.7192	6.7192
1.7197	1.9197	1.9197	1.9197	1.9197
1.0100	1.0600	1.0640	1.1700	1.2500
5.6400	6.2800	6.3300	7.2300	7.3000
<u>15.0889</u>	<u>15.9789</u>	<u>16.0329</u>	<u>17.0389</u>	<u>17.1889</u>
5.1187	5.1187	5.1187	5.1187	5.1187
0.4851	0.4851	0.4851	0.4851	0.4851
0.1398	0.1398	0.1398	0.2500	0.2500
0.2500	0.2500	0.2500	0.2500	0.2500
1.2593	1.2593	1.2593	1.2593	1.7593
<u>7.2529</u>	<u>7.2529</u>	<u>7.2529</u>	<u>7.3631</u>	<u>7.8631</u>
0.3422	0.3422	0.3422	0.3422	0.3422
8.4178	8.4178	8.4178	8.4178	8.4178
<u>8.7600</u>	<u>8.7600</u>	<u>8.7600</u>	<u>8.7600</u>	<u>8.7600</u>
1.1446	1.1446	1.1446	1.1446	1.1446
1.0000	1.0000	1.0000	1.0000	1.0000
1.9996	1.9996	1.9996	1.9996	1.9996
18.0000	18.0000	18.0000	18.0000	18.0000
6.0000	6.0000	6.0000	6.0000	6.0000
3.1000	3.2500	3.2500	3.2500	3.2500
0.2000	0.2000	0.5000	0.5000	0.5000
<u>27.3000</u>	<u>27.4500</u>	<u>27.7500</u>	<u>27.7500</u>	<u>27.7500</u>
18.0000	18.0000	18.0000	18.0000	18.0000
6.0000	6.0000	6.0000	6.0000	6.0000
7.0000	7.0000	7.0000	7.0000	7.0000
<u>31.0000</u>	<u>31.0000</u>	<u>31.0000</u>	<u>31.0000</u>	<u>31.0000</u>
18.0000	18.0000	18.0000	18.0000	18.0000
6.0000	6.0000	6.0000	6.0000	6.0000
-	-	-	2.9900	2.9900
-	-	-	-	-
<u>24.0000</u>	<u>24.0000</u>	<u>24.0000</u>	<u>26.9900</u>	<u>26.9900</u>
18.0000	18.0000	18.0000	18.0000	18.0000
6.0000	6.0000	6.0000	6.0000	6.0000
4.7973	4.8145	4.7690	4.7879	4.6949
-	-	-	-	-
<u>28.7973</u>	<u>28.8145</u>	<u>28.7690</u>	<u>28.7879</u>	<u>28.6949</u>

Principal Property Taxpayers
Current Year and Nine Years Ago
(amounts expressed in thousands)

Taxpayer	2017			2008		
	Taxable Value	Rank	Percent of Total Taxable Value	Taxable Value	Rank	Percent of Total Taxable Value
Consumers Energy	\$ 142,461,960	1	23.95%	\$ 54,713,214	2	7.12%
Ramco (Jackson Crossing/Jackson West)	9,309,594	2	1.57%	8,464,678	4	1.10%
Allegiance/Henry Ford/Foote/ Health Center	5,703,412	3	0.96%	4,411,488	7	0.57%
Alro Steel Corporation	4,030,330	4	0.68%	5,972,654	6	0.78%
Wolverine Technologies/Certainteed	3,994,990	5	0.67%	11,916,750	3	1.55%
Sears	2,682,678	6	0.45%	-	N/A	N/A
Phyleo Realty Company	2,555,143	7	0.43%	-	N/A	N/A
Wood Jackson (1100 W. Argyle St.)	2,464,684	8	0.41%	-	N/A	N/A
Jackson Iron & Metal/Omnisource	2,258,546	9	0.38%	-	N/A	N/A
Jackson Properties (915-1089 N. Wisner St.)	2,166,782	10	0.36%	-	N/A	N/A
Kinder Morgan/Alphagen	-	N/A	N/A	96,975,750	1	12.62%
Home Depot	-	N/A	N/A	6,121,547	5	0.80%
Merchant's Crossing (Kroger)	-	N/A	N/A	3,814,050	8	0.50%
Alpine Lake Apartments, LLC	-	N/A	N/A	3,408,695	9	0.44%
Dayton Hudson (Target Store)	-	N/A	N/A	3,236,617	10	0.42%
	<u>\$ 177,628,119</u>		<u>29.86%</u>	<u>\$ 199,035,443</u>		<u>25.91%</u>

Note: Total Ad Valorem Taxable Valuation as of June 30, 2017 = \$ 594,858,908 (valuation for fiscal year 2018). Total Ad Valorem Taxable Valuation as of June 30, 2008 = \$ 768,262,890 (valuation for fiscal year 2009).

Source: City of Jackson Assessors Department.

Property Tax Levies and Collections
Last Ten Years

Fiscal Year	Year of Levy	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2008	2007	\$ 10,460,635	\$ 9,674,158	92.48%	\$ 748,057	\$ 10,422,215	99.63%
2009	2008	9,808,693	8,940,028	91.14%	824,139	9,764,167	99.55%
2010	2009	9,942,692	9,006,808	90.59%	897,485	9,904,293	99.61%
2011	2010	9,037,902	8,156,819	90.25%	835,861	8,992,680	99.50%
2012	2011	8,791,409	7,924,795	90.14%	828,217	8,753,012	99.56%
2013	2012	8,640,462	7,890,861	91.32%	717,852	8,608,713	99.63%
2014	2013	8,667,986	7,955,742	91.78%	686,515	8,642,257	99.70%
2015	2014	9,272,624	8,581,310	92.54%	660,859	9,242,169	99.67%
2016	2015	9,557,929	8,902,668	93.14%	621,360	9,524,028	99.65%
2017	2016	9,948,595	9,313,775	93.62%	609,008	9,922,783	99.74%

Source: City of Jackson Assessors Department.

Ratios of Outstanding Debt by Type
Last Ten Years

Fiscal Year	Governmental Activities		Business-type Activities	Total Primary Government	% of Personal Income	Per Capita
	General Obligation Bonds	Installment Debt	Revenue Bonds			
2008	\$ 46,272,114	\$ 1,320,000	\$ 3,030,000	\$ 50,622,114	4.68%	\$ 1,278
2009	45,014,094	1,006,000	1,876,000	47,896,094	4.49%	1,243
2010	43,576,074	777,000	1,701,000	46,054,074	4.54%	1,303
2011	41,918,054	635,000	1,014,000	43,567,054	4.08%	1,253
2012	40,913,561	570,000	673,000	42,156,561	3.86%	1,223
2013	40,274,525	-	300,000	40,574,525	3.53%	1,204
2014	39,535,749	-	200,000	39,735,749	3.44%	1,182
2015	38,741,973	-	100,000	38,841,973	n/a	1,158
2016	38,379,072	399,493	-	38,778,565	n/a	1,148
2017	45,526,527	426,636	-	45,953,163	n/a	1,361

Source: City of Jackson Finance Department & U.S. Bureau of Economic Analysis.
 Personal Income statistics not available for the City of Jackson. Data used is for Jackson County.
 Personal Income statistics not available for 2015, 2016 and 2017.

**Ratios of Net General Bonded Debt Outstanding
Last Ten Years**

Fiscal Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total	% of Personal Income	% of Ad Valorem Taxable Value of Property	Per Capita
2008	\$ 46,272,114	\$ -	\$ 46,272,114	4.28%	6.02%	\$ 1,278
2009	45,014,094	-	45,014,094	4.22%	5.98%	1,243
2010	43,576,074	-	43,576,074	4.30%	6.01%	1,303
2011	41,918,054	-	41,918,054	3.93%	6.06%	1,253
2012	40,913,561	-	40,913,561	3.75%	6.37%	1,223
2013	40,274,525	-	40,274,525	3.51%	6.46%	1,204
2014	39,535,749	-	39,535,749	3.43%	6.51%	1,182
2015	38,741,973	-	38,741,973	n/a	6.42%	1,158
2016	38,379,072	-	38,379,072	n/a	6.52%	1,148
2017	45,526,527	-	45,176,038	n/a	7.59%	1,361

Source: City of Jackson Finance Department & U.S. Bureau of Economic Analysis.
 Personal Income statistics not available for the City of Jackson. Data used is for Jackson County.
 Personal Income statistics not available for 2015, 2016 and 2017.

Computation of Net Direct and Overlapping Debt
June 30, 2017

	Gross Amount Outstanding	Self-Supporting or Paid by Benefited Government	Net Amount Outstanding
Direct debt			
General obligation bonds	\$ 45,526,527	\$ 38,236,038	\$ 7,290,489
Installment purchase agreement	426,636	-	426,636
Net direct debt	<u>\$ 45,953,163</u>	<u>\$ 38,236,038</u>	<u>7,717,125</u>
Overlapping debt			
School Districts:			
Jackson School District	\$ 38,890,000	48.94%	19,032,766
East Jackson School District	21,202,601	0.09%	19,082
Michigan Center School District	10,240,000	1.45%	148,480
Northwest School District	38,990,000	0.21%	81,879
			<u>19,282,207</u>
Jackson County at large	78,720,000	13.39%	10,540,608
Jackson College	36,560,000	13.39%	4,895,384
Jackson County Intermediate School District	710,000	13.20%	93,720
Net overlapping debt			<u>34,811,919</u>
Net direct and overlapping debt			<u>\$ 42,529,044</u>
Per capita debt: (33,445 population)			
Gross direct debt			\$ 1,373.99
Net direct debt			230.74
Net overlapping debt			1,040.87
Total net direct and overlapping debt			1,271.61
Percent of taxable valuation: (\$ 594,858,908 ad valorem taxable valuation at 6/30/17)			
Net direct debt			1.24%
Net overlapping debt			5.85%
Total net debt			<u>7.09%</u>

Source: City of Jackson Finance Department and Municipal Advisory Council of Michigan.

Legal Debt Margin
Last Ten Years

Legal debt margin calculation for 2017

State equalized value as of December 31, 2016 (for taxes levied by the City on July 1, 2017)	<u>\$ 654,348,144</u>
Debt limit (10% of state equalized value)	\$ 65,434,814
Total debt - (See Schedule 11)	<u>45,953,163</u>
Legal debt margin	<u>\$ 19,481,651</u>

	For Taxes Levied July 1	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit As % of Debt Limit Ratio
2008		\$ 93,622,301	\$ 48,566,077	\$ 45,056,224	51.87%
2009		86,354,230	45,754,577	40,599,653	52.98%
2010		80,238,220	44,205,577	36,032,643	55.09%
2011		74,359,325	42,533,577	31,825,748	57.20%
2012		66,168,810	41,298,577	24,870,233	62.41%
2013		63,611,180	39,858,577	23,752,603	62.66%
2014		62,316,855	39,641,429	22,675,426	63.61%
2015		62,942,600	38,741,973	24,200,627	61.55%
2016		63,299,340	38,448,945	24,850,395	60.74%
2017		65,434,814	45,953,163	19,481,651	70.23%

Source: City of Jackson Finance Department.

Demographic and Economic Statistics
 Last Ten Years

Fiscal Year	(1) Population	(2) Labor Force	(2) Employment	(2) Unemployment	(2) Unemployment Rate	(3) Total Personal Income (000's)	(3) Per Capita Income
2008	36,218	17,643	15,507	2,136	12.1%	\$ 4,803,077	\$ 29,865
2009	36,218	18,446	14,589	3,857	20.9%	4,718,335	29,469
2010	33,445	15,203	12,246	2,957	19.5%	4,855,064	30,301
2011	33,445	14,686	12,194	2,492	17.0%	5,098,226	31,902
2012	33,445	14,425	12,272	2,153	14.9%	5,237,323	32,658
2013	33,445	14,425	12,560	1,865	12.9%	5,505,580	34,331
2014	33,445	14,425	12,817	1,608	11.1%	5,509,407	34,490
2015	33,445	14,425	12,984	1,441	10.0%	5,857,170	36,838
2016	33,445	13,805	12,730	1,075	7.8%	6,073,885	38,331
2017	33,445	14,243	13,226	1,017	7.1%	n/a	n/a

All labor force statistics are as of June of the fiscal year shown, i.e. fiscal year 2017 represents June, 2017.

- (1) Population shown is based on the most recent preceding year's actual.
 (2) Source: Michigan Bureau of Labor Market & Strategic Initiatives.
 (3) Source: Bureau of Economic Analysis. Data shown is for the Jackson County. Data is not yet available for 2017.

Principal Employers

Current Year and Nine Years Ago

Employer	2017			2008			
	(1) Total Employees	Rank	% of Total City Labor Force	Employees		Rank	% of Workforce
Henry Ford Allegiance Health System	4,100	1	21.06%	3,146	(a)	1	17.83%
Consumers Energy	2,400	2	9.13%	2,000	(b)	2	11.34%
Great Lakes Home Health/Hospice	1,118	3	7.85%	400		6	2.27%
Local Government	870	4	6.11%	870		3	4.93%
Jackson Public Schools	782	5	5.49%	782		4	4.43%
Eaton Corporation	700	6	4.91%	598	(c)	5	3.39%
Anesthesia Business Consultants	284	7	1.99%	284		8	1.61%
Lifeways/Community Connections	275	8	1.93%	-		-	-
Alro Steel Corporation	271	9	1.90%	325		7	1.84%
Center for Family Health	219	10	1.54%	-		-	-
Certaineed / Wolverine Vinyl Siding	-	N/A	-	250		9	1.42%
Jackson Citizen Patriot	-	N/A	-	178		10	1.01%
	<u>11,019</u>		<u>61.92%</u>	<u>8,833</u>			<u>50.07%</u>

(1) Total employees in Jackson County. Most of the employees shown are within the City of Jackson unless noted below.

(a) Approximately 3,000 of total shown work in the City...percentage adjusted to reflect.

(b) Approximately 1,300 of total shown work in the City...percentage adjusted to reflect.

(c) Approximately 300 of total shown for 2008 only work in the City...percentage adjusted to reflect.

Source: The Enterprise Group, Jackson County.

Full-time Equivalent City Government Employees by Function/Program
By Function/Program
Last Ten Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government:										
City manager	2	2	2	2	2	2	3	3	3	3
Finance	5	5	4	4	4	4	4	4	4	4
City assessor	5	5	3	3	3	3	3	3	5	4
City attorney	5	5	3	2	3	3	4	5	5	5
City clerk/elections	4	4	3	3	3	1	1	1	2	2
Personnel	3	4	3	1	1	1	1	2	2	1
Purchasing/city hall	3	2	2	2	2	1	1	1	1	1
City treasurer/income tax	7	6	4	4	4	4	3	3	3	4
Mgt. information services	3	3	3	2	2	3	3	2	2	2
Public safety:										
Police - civilian	20	18	14	13	13	13	10	10	11	11
Police - enforcement	64	64	60	47	44	46	47	42	43	46
Fire - civilian	2	2	2	1	1	1	-	-	-	-
Fire - protection	42	36	33	23	17	26	26	26	17	26
Emergency measures	1	1	1	1	1	1	-	-	-	-
Public works:										
Public works	31	28	26	26	25	24	15	16	11	12
Engineering	12	11	11	10	11	10	8	8	8	6
Culture & recreation:										
Parks, recreation & grounds	24	24	22	18	18	16	15	13	15	13
Neighborhood Economic Operations:										
Public safety/community enrichment & development	11	11	11	8	9	10	11	9	14	13
Building inspection	5	4	4	4	4	6	5	6	3	3
Enterprise funds:										
Sewer	19	17	19	18	17	15	11	12	12	13
Water	34	30	26	26	25	24	26	26	28	28
Total	302	282	256	218	209	214	197	192	189	197

Source: City of Jackson Personnel Department (EEO Reports as of June 30) and Finance Department.
Note: EEO Reports exclude City Treasurer (elected position).

Operating Indicators by Function/Program
 Last Ten Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety										
Police:										
Physical arrests	3,314	3,660	3,523	2,928	2,253	2,649	2,645	2,514	2,887	2,779
Traffic violations	7,666	7,815	8,649	6,108	6,683	6,784	5,578	3,976	5,111	5,333
Engineering - Traffic Division:										
Parking violations	3,410	3,476	2,605	2,085	2,303	2,490	2,123	1,966	1,982	2,056
Fire:										
Calls answered	4,685	4,454	4,469	4,835	4,214	4,345	4,540	4,662	4,259	4,863
Inspections conducted	452	450	178	53	10	122	97	172	43	79
Sewer system										
Service connections	12,758	12,844	12,800	12,860	12,860	12,860	11,620	11,449	11,407	11,330
Daily average treatment (mg)	13.6	12.8	12.1	11.9	11.9	10.2	11.2	9.3	9.6	10.1
Maximum daily capacity (mg)	19	19	19	19	19	19	19	19	19	19
Township service (bulk metering)	5	5	5	5	5	5	5	5	5	5
Water system										
Service connections	15,697	15,709	15,726	15,769	15,778	15,654	14,314	14,307	14,549	14,112
Daily average consumption (mg)	5.43	5.22	5.49	5.98	6.30	6.57	6.64	6.47	7.66	7.58
Maximum daily capacity (mg)	24	24	24	24	24	24	24	24	24	24

mg = million gallons

Source: Various City Departments.

Capital Assets Statistics by Function/Program
 Last Ten Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	36	36	37	33	31	30	30	29	29	29
Fire:										
Stations (1)	3	3	3	3	3	3	3	3	3	3
Response vehicles	10	10	10	10	10	11	11	11	11	11
Culture and recreation										
Parks:										
Number	26	27	27	27	27	27	26	26	26	26
Acreage	637	638	638	638	638	638	639	639	639	639
Community centers	2	2	2	2	2	2	2	2	2	2
Golf courses:										
18 hole	1	1	1	1	1	1	1	1	1	1
Mini	1	1	1	1	1	1	1	1	1	1
Inline skate rink	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	2	1	1	1	1	1
Tennis courts	14	14	14	14	14	14	14	14	14	14
Public works										
Miles of streets	171	171	171	171	171	171	171	171	171	171
Street lights	2,458	2,458	2,697	2,724	2,724	2,719	2,719	2,719	2,719	2,719
Sewer system										
Miles of sanitary sewers	165	165	165	165	165	165	165	165	165	165
Miles of storm sewers	110	110	110	110	110	110	110	110	110	110
Treatment plants	1	1	1	1	1	1	1	1	1	1
Water system										
Miles of water mains	244	244	244	244	244	244	244	244	244	244
Treatment plants	1	1	1	1	1	1	1	1	1	1
Fire hydrants	2,111	2,111	2,111	2,105	2,197	2,197	2,197	2,197	2,197	2,197

(1) Only one station actively in use since June 30, 2011.

Source: City of Jackson Finance Department.

Schedule of Insurance

As of June 30, 2017

Type of Coverage	Name of Company	Policy Period	Premium	Description
<u>Building and Contents</u> <i>Michigan Municipal Liability and Property Pool</i>		7/1/16-6/30/17	\$ 162,628	All risk coverage on buildings and contents. \$168,832,838 limit with \$2,500 deductible per occurrence.
<u>Automobile</u> <i>Michigan Municipal Liability and Property Pool</i>		7/1/16-6/30/17	84,294	\$5,000,000 liability limit per occurrence, \$1,000,000 property protection, \$100,000 uninsured motorist protection. \$1,000 comprehensive and collision deductibles.
<u>Liability</u> <i>Michigan Municipal Liability and Property Pool</i>		7/1/16-6/30/17	195,591	Law Enforcement, Public Officials, Municipal General and Employee Benefit Liability coverages. \$5,000,000 limit per occurrence with a \$2,500 deductible.
<u>Crime/Bonds</u> <i>Michigan Municipal Liability and Property Pool</i>		7/1/16-6/30/17	Included	Employee dishonesty and faithful performance blanket, loss inside/outside premises, depositors forgery, money order/ counterfeit paper coverages. \$100,000 liability limit.
<u>Workers Compensation</u> <i>Midwest Employers Casualty</i> <i>Broadspire Services</i>		9/1/16-8/31/17 9/1/16-8/31/17	48,413 12,806	Excess insurance above \$450,000 retention. TPA for claims service.
<u>Community Blue-PPO</u> <u>Health & Prescription Drug Coverage</u> <i>Blue Cross / Blue Shield</i>		Monthly	Varies	City's self-insured PPO offers primary care physicians, network hospitals, affiliated laboratories and other providers within the particular PPO network. Employee is responsible for co-pay amounts at time of service. Available to all full-time and substantially all retired City personnel.
<u>Life</u> <i>Hartford Life Insurance Company</i>		Monthly	Varies	Covers death of employee and/or AD&D. City pays for coverage of 1X annual salary. All full-time employees are covered.
<u>Long-term Disability</u> <i>Hartford Life Insurance Company</i>		Monthly	Varies	60% of monthly salary with various elimination periods. All full-time employees are covered.

Source: City of Jackson Finance Department.

State Equalized Valuation/Taxable Valuation
Fiscal Years Ended June 30, 2014 Through 2018

Assessed Value as of December 31	Year of State Equalization and Tax Levy	Fiscal Year Ended June 30	Ad Valorem State Equalized Valuation	Ad Valorem Taxable Value	Total Taxable Valuation (1)
2012	2013	2014	\$ 636,111,800	\$ 623,249,773	\$ 631,760,110
2013	2014	2015	623,168,550	607,235,756	615,976,761
2014	2015	2016	629,426,000	603,793,360	611,997,165
2015	2016	2017	632,993,400	588,708,506	594,000,645
2016	2017	2018	654,348,144	594,858,908	596,738,628

Per capita 2017 ad valorem taxable valuation is \$17,786 and per capita 2017 total taxable valuation is \$17,842 based on the City's 2010 U. S. census population of 33,445.

(1) Includes tax abatements under renaissance zone exemptions.

	Breakdown of Taxable Value by Use and Class Year of State Equalization and Tax Levy				
	2013	2014	2015	2016	2017
<u>Use:</u>					
Commercial	34.35%	29.79%	29.88%	30.88%	26.72%
Industrial	23.20%	27.84%	27.65%	25.81%	29.70%
Residential	42.45%	42.37%	42.47%	43.31%	43.58%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<u>Class:</u>					
Real	85.59%	76.64%	76.89%	78.80%	79.14%
Personal	14.41%	23.36%	23.11%	21.20%	20.86%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: City of Jackson - Forms L-4022.

Revenue Bonds Coverage - Sewer Enterprise Fund
Last Ten Fiscal Years

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest and Fiscal Charges	Total	
2008	\$ 5,766,209	\$ 4,200,485	\$ 1,565,724	\$ 225,000	\$ 42,063	\$ 267,063	5.86
2009	5,457,382	3,868,200	1,589,182	75,000	34,425	109,425	14.52
2010	4,763,799	3,933,923	829,876	75,000	30,851	105,851	7.84
2011	5,256,618	3,918,974	1,337,644	75,000	26,944	101,944	13.12
2012	6,558,187	4,770,680	1,787,507	75,000	23,001	98,001	18.24
2013	4,906,631	3,571,289	1,335,342	100,000	18,650	118,650	11.25
2014	4,892,681	3,426,285	1,466,396	100,000	13,475	113,475	12.92
2015	4,628,308	3,168,719	1,459,589	100,000	8,725	108,725	13.42
2016	4,969,880	3,699,778	1,270,102	100,000	2,675	102,675	12.37
2017	6,055,859	3,444,716	2,611,143	-	-	-	-

(1) Total revenues including interest.

(2) Total operating expenses, excluding depreciation.

(3) Includes principal, interest and fiscal charges of revenue bonds only. It does not include general obligation debt reported in debt service funds to which operating transfers are made or debt defeasance transactions.

Revenue Bonds Coverage - Water Enterprise Fund
Last Ten Fiscal Years

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest and Fiscal Charges	Total	
2008	\$ 7,021,941	\$ 5,044,892	\$ 1,977,049	\$ 210,000	\$ 103,323	\$ 313,323	6.31
2009	6,392,887	5,463,828	929,059	220,000	107,610	327,610	2.84
2010	6,188,397	4,580,963	1,607,434	253,000	52,218	305,218	5.27
2011	7,010,430	4,940,145	2,070,285	259,000	39,089	298,089	6.95
2012	8,088,240	5,187,421	2,900,819	266,000	17,927	283,927	10.22
2013	8,416,601	5,326,058	3,090,543	273,000	9,282	282,282	10.95
2014	7,965,592	5,571,764	2,393,828	-	-	-	-
2015	7,711,143	5,729,201	1,981,942	-	-	-	-
2016	8,246,397	6,034,429	2,211,968	-	-	-	-
2017	9,010,408	5,865,944	3,144,464	-	-	-	-

(1) Total revenues including interest.

(2) Total operating expenses, excluding depreciation.

(3) Includes principal, interest and fiscal charges of revenue bonds only. It does not include general obligation debt reported in debt service funds to which operating transfers are made or debt defeasance transactions.

Water Supply System
 Last Five Fiscal Years

	2013	2014	2015	2016	2017
Water pumped vs. water sold: (in million gallons)					
Pumped	2,665	2,425	2,363	2,795	2,768
Sold	2,397	2,115	2,036	2,266	2,394
Sold as a % of pumped	89.94%	87.22%	86.16%	81.07%	86.49%
Number of customers:					
Residential	12,254	12,231	12,166	12,060	11,986
Commercial	1,951	1,982	1,958	1,878	1,845
Industrial	176	174	172	169	171
Total	<u>14,381</u>	<u>14,387</u>	<u>14,296</u>	<u>14,107</u>	<u>14,002</u>
Percent of water consumption by category:					
Residential	27.00%	31.67%	30.00%	26.00%	25.20%
Commercial	46.00%	54.95%	49.00%	43.00%	41.10%
Industrial	27.00%	13.38%	21.00%	31.00%	33.70%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
History of water rates (average consumption - 22 HCF / average 5/8 inch meter)					
Metered per quarter	\$ 72.48	\$ 72.48	\$ 72.48	\$ 79.73	\$ 87.89
% Change (in average consumption)	2.59%	0.00%	0.00%	10.00%	10.23%
Water supply system annual revenues:					
Metered revenue	\$ 8,014,367	\$ 7,584,137	\$ 7,348,461	\$ 7,917,879	\$ 8,677,881
% increase (decrease)	3.55%	-5.37%	-3.11%	7.75%	9.60%
Water supply system revenues by user class:					
Residential	\$ 3,190,253	\$ 3,361,445	\$ 3,116,062	\$ 3,033,734	\$ 3,371,231
Commercial	3,535,986	3,547,818	3,332,473	3,297,299	3,657,125
Industrial	1,288,128	674,874	899,926	1,586,846	1,649,525
Sewer - billing & collection charges	252,768	248,499	264,581	251,416	223,028
Total	<u>\$ 8,267,135</u>	<u>\$ 7,832,636</u>	<u>\$ 7,613,042</u>	<u>\$ 8,169,295</u>	<u>\$ 8,900,909</u>
Water supply revenues by user class as a % of total revenues:					
Residential	38.59%	42.92%	40.93%	37.14%	37.88%
Commercial	42.77%	45.30%	43.77%	40.36%	41.09%
Industrial	15.58%	8.62%	11.82%	19.42%	18.53%
Sewer - billing & collection charges	3.06%	3.17%	3.48%	3.08%	2.51%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: City Water Department.

Water Supply System

Ten Largest Water Customers - By Usage
For the Fiscal Year Ended June 30, 2017

Customer	(1) Usage	(2) % of Total	Revenue	(3) % of Total
Consumers Energy - Jackson Generating	\$ 733,049	30.62%	\$ 951,849	10.69%
* Michigan Department of Corrections	319,000	13.32%	429,537	4.83%
Henry Ford - Allegiance Health/Health Cent	93,900	3.92%	148,949	1.67%
Certainteed/Wolverine Technologies	56,654	2.37%	51,587	0.58%
Elm Plating Company	50,163	2.10%	97,510	1.10%
Commonwealth Commerce Center	50,122	2.09%	85,434	0.96%
Eaton Aerospace	35,700	1.49%	60,803	0.68%
Jackson Tumble Finish	33,430	1.40%	59,919	0.67%
* Sun Communities Inc.	26,703	1.12%	58,466	0.66%
* Consumers Energy Company	18,400	0.77%	48,834	0.55%

(1) Unit = million gallons (MG)

(2) Based on June 30, 2017 total water sold (Schedule 22) of 2,394 MG's.

(3) Based on June 30, 2017 water supply system revenues by user class (Schedule 22) of \$ 8,900,909.

* Located outside of City limits.

Source: City Water Department.

Industrial Facilities Tax Roll
For the Fiscal Year Ended June 30, 2017

Year of Transfer To Ad Valorem Tax Roll	(1) I.F.T. S.E.V. Amount
2018	\$ 591,700
2019	-
2020	-
2021	-
2022	1,700
2023	-
2024	-
2025	155,400
2026	251,650
2027	13,650
2028	-
2029	-
2030	66,250
	<u>\$ 1,080,350</u>

(1) Represents current assessed value of abated property at time of assessment.
Personal property is excluded due to changes in the personal property exemptions.

Source: City Assessors Department.

Tax Increment Revenues, Debt Service and Debt Service Coverage

Downtown Development Authority Bonds

Fiscal Year	(1) Tax Increment Revenues	(2) Annual Lease Service	Debt Service	(3) DDA Budgetary Commitments	Excess Tax Increment Revenues	Debt Service Coverage
2008	\$ 1,014,339	\$ -	\$ 968,923	\$ 31,220	\$ 14,196	1.05
2009	1,056,990	-	1,051,513	32,002	(26,525)	1.01
2010	984,502	-	1,139,263	32,802	(187,563)	0.86
2011	1,010,638	-	1,244,100	-	(233,462)	0.81
2012	1,038,602	-	166,366	-	872,236	6.24
2013	830,014	-	247,250	-	582,764	3.36
2014	834,327	-	246,825	-	587,502	3.38
2015	832,239	-	248,325	-	583,914	3.35
2016	784,268	1,500,000	2,094,825	-	189,443	1.09
2017	1,081,438	1,500,000	2,208,370	-	373,068	1.17

- (1) Tax increment revenues include Act 86 state grant amounts in fiscal year 2016 and the Local Community Stabilization Share Tax (personal property tax loss reimbursement) in fiscal year 2017.
- (2) Beginning January 1, 2016 Consumers Energy will be paying an annual lease of \$ 1.5 million which will be designated, together with the tax increment revenues, toward the payment of debt service.
- (3) DDA budgetary commitments were existing prior to the sale of the bonds and are subordinate to the bonds.

Brownfield Redevelopment Authority Bonds

Fiscal Year	Tax Increment Revenues (1)	Debt Service	(2) Capitalized Interest	Excess Tax Increment Revenues	Debt Service Coverage
2008	\$ 1,153,851	\$ 979,017	\$ -	\$ 174,834	1.18
2009	1,180,434	1,015,277	-	165,157	1.16
2010	1,161,198	1,039,777	-	121,421	1.12
2011	1,099,927	1,067,896	-	32,031	1.03
2012	1,087,348	864,875	-	222,473	1.26
2013	996,467	1,100,123	-	(103,656)	0.91
2014	963,588	1,069,023	-	(105,435)	0.90
2015	943,683	1,025,273	-	(81,590)	0.92
2016	947,673	1,023,573	-	(75,900)	0.93
2017	1,082,966	1,120,308	-	(37,342)	0.97

- (1) Includes only those amounts captured for the bonds.
- (2) Capitalized interest was used to pay debt service in fiscal years 2003, 2004 and 2005 (partial).

Miscellaneous Supplemental Disclosures

General Fund - State Shared Revenues - Sales Tax (State of Michigan)

Fiscal Year	Constitutional Component	Statutory/ E.V.I.P. (1) Component	Total Revenue Sharing Payments
2010	\$ 2,300,271	\$ 2,174,594	\$ 4,474,865
2011	2,214,124	2,260,741	4,474,865
2012	2,401,665	1,475,187	3,876,852
2013	2,451,389	1,580,556	4,031,945
2014	2,508,877	1,656,705	4,165,582
2015	2,548,282	1,707,283	4,255,565
2016	2,545,833	1,707,283	4,253,116
2017	2,692,564	1,707,283	4,399,847

(1) EVIP payments began in FY 2012 and are based on Michigan PA 63 of 2011.

General Fund - Income Tax Net Revenues

Fiscal Year	Net Revenues	Increase (Decrease) From Prior Year
2010	\$ 6,519,574	(14.73%)
2011	6,977,923	7.03%
2012	7,297,281	4.58%
2013	8,017,633	9.87%
2014	8,080,526	0.78%
2015	8,806,662	8.99%
2016	8,269,968	(6.09%)
2017	9,021,888	9.09%

Gas and Weight Tax Revenues, Maximum Annual Debt Service and Historical Debt Service Coverage

Fiscal Year	Gas & Weight Tax Revenues	(2) Maximum Annual Debt Service	Historical Debt Service Coverage
2010	\$ 2,366,767	\$ 284,480	8.32
2011	2,401,143	284,480	8.44
2012	2,427,571	284,480	8.53
2013	2,439,876	284,480	8.58
2014	2,514,518	-	n/a
2015	2,566,625	-	n/a
2016	2,704,803	-	n/a
2017	3,110,277	762,955	4.08

(2) Includes maximum debt service on all debt payable from major and local street funds.

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**SINGLE AUDIT
ACT COMPLIANCE**

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INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE

December 19, 2017

Honorable Mayor and
Members of the City Council
City of Jackson, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Jackson, Michigan* (the "City"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements. We issued our report thereon dated December 19, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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CITY OF JACKSON, MICHIGAN

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2017

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Housing and Urban Development				
Community Development Block Grant - Entitlement Grants Cluster:				
Community Development Block Grant	14.218	Direct	B14MC260021	\$ 499,701
Community Development Block Grant	14.218	Direct	B15MC260021	<u>662,735</u>
				1,162,436
Home Investment Partnership Programs	14.239	Direct	M15MC260214	<u>174,102</u>
Total U.S. Department of Housing and Urban Development				<u>1,336,538</u>
U.S. Department of Treasury				
H4HH Blight Elimination Grant	21.U00	MSHDA	n/a	<u>843,890</u>
U.S. Department of Justice				
Bulletproof Vest Partnership	16.607	Direct	n/a	5,081
Justice Assistance Grant Program - Byrne Recovery Act Grant	16.738	Direct	2015-DJ-BX-0775	<u>37,795</u>
Total U.S. Department of Justice				<u>42,876</u>
U.S. Department of Transportation				
Safe Communities Traffic Programs	20.602	JTSP0	n/a	<u>9,777</u>
U.S. Department of Homeland Security				
Assistance to Fire Fighters - SAFER	97.044	Direct	n/a	<u>266,114</u>
Total expenditures of federal awards				<u><u>\$ 2,499,195</u></u>

See notes to schedule of expenditures of federal awards.

CITY OF JACKSON, MICHIGAN

Notes to the Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the *City of Jackson, Michigan* (the "City") under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in note 1 to the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

For purposes of charging indirect costs to federal awards, the City has elected not to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. PASS-THROUGH AGENCIES

The City receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
MSHDA	Michigan State Housing Development Authority
JTSP0	Jackson Traffic Safety Program Office

4. SUBRECIPIENTS

The City did not pass-through any federal awards to subrecipients.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

December 19, 2017

Honorable Mayor and
Members of the City Council
City of Jackson, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Jackson* (the "City"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rehmann Robson LLC". The signature is written in a cursive, flowing style.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

December 19, 2017

Honorable Mayor and
Members of the City Council
City of Jackson, Michigan

Report on Compliance for the Major Federal Program

We have audited the compliance of the *City of Jackson* (the "City") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2017. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lehman Lohman LLC". The signature is written in a cursive, flowing style.

CITY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs For the Fiscal Year Ended June 30, 2017

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major programs and type of auditors' report issued on compliance for each major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
14.218	Community Development Block Grant	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: 750,000

Auditee qualified as low-risk auditee? X yes no

CITY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs For the Fiscal Year Ended June 30, 2017

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

CITY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs For the Fiscal Year Ended June 30, 2017

SECTION III - FEDERAL AWARD FINDING AND QUESTIONED COSTS

None reported.

■ ■ ■ ■ ■

CITY OF JACKSON, MICHIGAN

■ Summary Schedule of Prior Audit Findings For the Fiscal Year Ended June 30, 2017

None reported.

